

CONFIDENTIAL.

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FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF EGYPT.

[In continuation of Confidential Paper No. 5061.]

47

January to March 1885.

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Printed for the use of the Foreign Office. April 1885.

CONFIDENTIAL.

Further Correspondence respecting the Finances of Egypt: 1885.

[In continuation of Confidential Paper No. 5061.]

No. 1.

Mr. Wyndham to Earl Granville.—(Received January 1, 1885.)

(No. 183.)

My Lord,

Constantinople, December 20, 1884.

I HAVE the honour to inform your Lordship that in compliance with your Lordship's instructions I addressed a note on the 17th instant to the Ottoman Minister for Foreign Affairs in the sense of your despatch No. 356 of the 6th instant, transmitting to his Excellency at the same time the extracts from the Earl of Northbrook's Report explanatory of the proposals made by Her Majesty's Government to the Powers respecting the finances of Egypt.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 2.

Sir A. Paget to Earl Granville.—(Received January 1, 1885.)

(No. 334.)

My Lord,

Vienna, December 29, 1884.

WITH reference to your Lordship's despatch No. 202 of the 22nd December, recording your Lordship's conversation with the Austro-Hungarian Chargé d'Affaires on the Egyptian financial question, I have the honour to acquaint your Lordship that Count Kálnoky informed me, in an interview I had with him yesterday, that he had instructed the Austrian Ambassador in Paris to express his hope that the French Government would soon be able to give their attention to the proposals of Her Majesty's Government.

His Excellency stated, further, in reply to an inquiry I made, that Count Hoyos had had a preliminary conversation with M. Jules Ferry on this subject, but that no practical result had yet been arrived at, M. Ferry stating that he had not yet had time to examine all the papers which had been communicated to him; but your Lordship would see, Count Kálnoky added, by what he had just told me, that he had taken steps to set the affair in motion, and he should himself be glad of an early settlement for the sake of the Austrian interests concerned.

I have, &c.
(Signed) A. PAGET.

No. 3.

Sir E. Malet to Earl Granville.—(Received January 1, 1885.)

(No. 414.)

My Lord,

Berlin, December 30, 1884.

I HAVE the honour to inclose herewith to your Lordship the translation of a leading article which appeared in last night's semi-official "Norddeutsche Zeitung."

[115]

B

and which by this morning's press is generally regarded as having been inspired by authority.

The motive of this article has been furnished by a letter in the "Daily News" of the 26th instant, which sought to make Prince Bismarck personally responsible for the reserved attitude of France and the other Continental Powers in regard to the Egyptian proposals of Her Majesty's Government, and attributed to the Imperial Chancellor personal animosity to Mr. Gladstone and schemes of wholesale annexation, which had been thwarted by England not having set the example in regard to Egypt.

The tone of the article, which is throughout conciliatory to England, harmonizes so much with the language which Prince Bismarck has held in a conversation already reported to your Lordship, that I venture to think it very deserving of special attention.

The last two paragraphs would appear to indicate a desire to consider the financial proposals of Her Majesty's Government in a Conference rather than by an interchange of diplomatic notes between the Powers interested in them.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 3.

Extract from the "Norddeutsche Allgemeine Zeitung" of December 29, 1884.

(Translation.)

AFTER quoting from an article in the "Daily News" of the 26th instant, and asserting that it attributes the disinclination of France to accept the English financial proposals in regard to Egypt to the influence of Prince Bismarck, who had organized a general conspiracy against Mr. Gladstone because the latter had not annexed Egypt, a step which would have given the Chancellor a plausible pretext for inaugurating an era of wholesale annexation, the article in question proceeds as follows:—

"This edifice of argument is so strange, and—with all respect to the 'Daily News,' let us add—so silly, that a political writer with the slightest insight into motives governing practical policy, could never have arrived at such combinations.

"The real cause of the reserve of the Continental Governments on the Egyptian policy seems to us very simple. The Continental Powers, without exception, are far more interested in their relations to each other than in their relations to Egypt.

"Each of the Great Continental Powers considers the question of living in peace and on good terms with its Continental neighbours as of far higher importance than the question of the future state of Egypt. These Powers will, therefore, regard the Egyptian question, in the first instance, from the point of view of the effect which their acceptance of England's proposals might have in impairing, or even endangering their relations with the other Powers.

"France is most undoubtedly the Continental Power next to England most interested in the future of Egypt and the solution of the Egyptian problem.

"If England and France were once agreed on this question, it would probably not be difficult to obtain the adhesion of the other Powers to any understanding which they both desired with equal ardour. But, so long as an agreement between France and England has not been come to, it might certainly be in the interest of the English Government to gain Germany over to accept for her own part the English proposals, in order to bring the pressure of an Anglo-German agreement to bear on the Government of France, but the interest which Germany has in her good understanding with France is too important to make it probable that the German Government would lend themselves to the task of pulling the Anglo-Egyptian chestnuts out of the French fire.

"Germany's disinclination to play a part like this, which would jeopardize the good understanding with France which required ten years of labour to maintain, ought to be self-apparent even to any English politician claiming to be heard on questions of foreign policy, and to need no such further explanation as the imputation of wild dreams of annexation to Germany or of personal animosity against Mr. Gladstone to Prince Bismarck.

"We are convinced that the policy of Germany values too highly England's good opinion to set itself out of pure pique or personal irritation to thwart the wishes of England, but those wishes must not go the length of asking us, without interests of

our own being involved and simply to do England a service, to abandon that prudent and peaceful policy towards France which we have followed ever since the late war.

"Under these circumstances, it is quite natural that the Continental Powers, before replying to the English proposals, should exchange their views in regard to them, and reserve their right to form a decided judgment for themselves after ascertaining and testing that of their own subjects commercially interested in the question and also that of their Continental neighbours.

"It is, moreover, not probable that the views of the different Powers, England included, can be brought into harmony by means of an interchange of written communications such as diplomatic notes.

"None of the Continental Powers would like to be the first to forestall the judgment of the rest by accepting or declining the English proposals."

No. 4.

Earl Granville to Sir E. Malet.

(No. 1.)

(Telegraphic.)

Foreign Office, January 2, 1885, 2.30 P.M.

GERMAN Ambassador requests that my despatch No. 419 of 29th December may be suspended till he sees me again.

No. 5.

Earl Granville to Sir E. Baring.

(No. 2.)

(Telegraphic.)

Foreign Office, January 2, 1885, 4.5 P.M.

YOUR telegram No. 792 of 27th ultimo: Reduction of land tax.

Full amount should appear in Estimates, with a note that it may be reduced.

No. 6.

Viscount Lyons to Earl Granville.—(Received January 3.)

E

(No. 2. Very Confidential.)

My Lord,

Paris, January 2, 1885.

I HAD the day before yesterday the honour to receive your Lordship's telegram No. 34 of that day, in which you expressed your approval of the language I had held to M. Jules Ferry with regard to the delay in answering the proposals of Her Majesty's Government respecting the finances of Egypt; and in which moreover you pointed out that Her Majesty's Government had been, and still were, most anxious to act in harmony with the French Government, and hoped this desire was reciprocal.

Yesterday I had the honour to receive the despatch No. 1134 of the day before, with which your Lordship was so good as to send me a copy of your despatch to Sir Edward Malet No. 419 of the 29th ultimo, recording conversations which you had had with Count Münster on the subject of the demand of Germany and Russia that German and Russian Commissioners should be added to the Egyptian Commission de la Dette.

Lastly, I received also yesterday the Confidential print (Egypt, Finance Section No. 100) containing Sir Edward Malet's despatch No. 407 of the 27th ultimo, on the attitude which would be assumed by Germany in case of our being unable to come to an understanding with France respecting Egypt.

I need not say that I shall without fail continue to make most earnest endeavours to obtain from the French Government a speedy, and as far as possible a favourable answer to the proposals of Her Majesty's Government. Indeed, no one can be more deeply impressed than I am, not only with the financial and administrative difficulties to which the present state of suspense gives rise in Egypt, but with the uncertainty not to say peril of the situation in which the question places the relations between Great Britain and France.

It is impossible to shut one's eyes to the fact that the proposals have been

received with dissatisfaction by the Government and the public in France. In particular the suggestions that the interest on the debt shall be reduced, and the Anglo-French Administration of the Daïra and Domaine lands be done away with, have been reprobated in unmeasured terms.

At the same time it is not easy to devise any efficacious means of reconciling France to the proposals or of putting pressure on her, to induce her to accept them.

Some time ago it might have been possible to produce a strong effect by a representation that a refusal to consent to measures necessary for the well-being and good administration of Egypt would oblige Her Majesty's Government to take the country formally under their protection, and introduce a political system of the character of that established by France in Tunis. At this moment, however, France might go to extremities to resist such an arrangement, feeling sure that in doing so she would have the support of Germany, Austria, and Russia.

Confident in the same support she would be very little alarmed by the prospect of a financial crisis, or even of an absolute bankruptcy in Egypt. She would conceive that, in such a contingency, the three Empires would join her in demanding that the financial administration of Egypt should be placed under the joint control of all the Powers.

I need hardly add that, notwithstanding the immediate inconvenience which might ensue if England were to withdraw altogether from Egypt, France would contemplate such an event with satisfaction. And on the other hand the French Government are aware that for the present the expedition to Khartoum puts such a withdrawal out of the question.

But whether or no England withdrew from Egypt, the mode of procedure, in case the Powers failed to come to an agreement with her, would no doubt be that followed in the case of the proposed addition of German and Russian Delegates to the Commission de la Dette, and the pretext assigned would be the same. Demands would be addressed to the Egyptian Government direct, it would be urged that the rights and interests of the subjects of the several Powers were not properly cared for, and the Powers would hold the Khedive and his Government responsible to them for this state of things.

It seems in fact only too probable that the French Government may be made exacting and intractable by confidence in the support of Germany and of the Powers which follow her lead.

I am not, however, prepared to say that the patronage of Germany is acceptable to the public in France, or entirely satisfactory to the Government. The danger, not to say the humiliation, of falling altogether into the hands of Prince Bismarck is not quite lost sight of. The French Government have in consequence two objects in view. The first is to make use of the support of Germany and the Powers in order to guard French pecuniary interests, and to improve as far as possible the political position of France in Egypt. The second is to avoid severing themselves so entirely from England as to be left wholly at the mercy of Germany.

I fear that at the present moment, and in the present case, this second object is not that to which the greater importance is attached. Prince Bismarck has succeeded only too well in fostering French irritation against England, and, notwithstanding his obvious motives, the French Government, if not altogether cajoled by the encouragement he gives to their distant expeditions, are very willing to take advantage of his support in treating with foreign Powers on the subject of these expeditions.

In this state of things I have read with extreme interest the despatch from Sir Edward Malet, which I have mentioned above.

It would appear from that despatch that the way has been prepared by Prince Bismarck for a coalition of the Great Powers, with the exception of Italy, against us; and it is with great pain that I find myself unable to gainsay Sir Edward Malet's conclusion, that as matters are at present, probabilities point to Germany, Austria, and Russia being arrayed against us if we fail to come to an understanding with France; and that the position in which we are placed at this moment in consequence of the expedition to Khartoum, has been taken into account in calculating the means at our disposal to withstand such a coalition.

I hardly dare to indulge a hope that the communication made to your Lordship by Count Münster, respecting the Commissaires de la Dette, indicates a change for the better in Prince Bismarck's sentiments towards England with regard to Egyptian questions.

At all events I cannot help looking forward, not only with great impatience

but with no little anxiety, to receiving the counter-proposals which M. Jules Ferry announces.

I have, &c.
(Signed) LYONS.

No. 7.

Earl Granville to Sir E. Malet.

(No. 2.)

(Telegraphic.)

Foreign Office, January 3, 1885, 6.10 P.M.

MY telegram No. 1 of 2nd.

Strike out the portion of last paragraph of my despatch No. 419 of 29th December from "The assurance which" down to "with Count Münster."

Substitute following:—"If, however, the communication that has been made to me by Count Münster is (as I understand it to be) courteously intended to the effect that our assent in this matter will facilitate the settlement of the larger question, I shall be prepared to discuss at once the mode." Continue to the end as in original version.

No. 8.

Earl Granville to Viscount Lyons.

E

(No. 7.)

My Lord,

Foreign Office, January 3, 1885.

I HAVE received and laid before the Queen and the Cabinet your Excellency's despatch No. 734 of the 30th ultimo, in which you state that you hear from M. Ferry that the answer of the French Government to our proposals for the settlement of Egyptian finance may be expected on the 15th instant, and that it will take the form of a counter-proposal.

The proposals of Her Majesty's Government were communicated to France and to the other Powers at the end of November. Since that time your Excellency has, by my request, on several occasions called the attention of M. Ferry to the urgent desirability of a speedy decision, both for the welfare of Egypt, and in the interest of her creditors and of the claimants for indemnities on account of loss of property at Alexandria.

Her Majesty's Government would deprecate a mode of proceeding which would delay the discussion of the proposals that they have made and which appears to contemplate an entirely new departure as the starting point of such discussion.

It is the earnest desire of Her Majesty's Government to act in union and co-operation with that of France, and before taking into view any other alternative, they express this desire in order to learn promptly whether the Government of France have a corresponding disposition.

If the Government of France is prepared to proceed at once with a free discussion of the points raised by their proposals, Her Majesty's Government will on their side be ready in the course of discussion on various points, to show what they can do with a view to making them more acceptable.

I have to request your Excellency to make a communication to M. Ferry in the sense of this despatch, and to express a hope that his Excellency will consent at once to enter upon the discussion thus invited.

I am, &c.
(Signed) GRANVILLE.

No. 9.

Earl Granville to Viscount Lyons.

(No. 8. Confidential.)

My Lord,

Foreign Office, January 3, 1885.

IF the French Government should, as is hoped, consent to enter upon the discussion of the proposals of Her Majesty's Government for the settlement of Egyptian finance, in accordance with the invitation contained in my immediately preceding despatch of this day's date, it will be desirable that your Excellency

should be in possession of the limits of the concessions which Her Majesty's Government are prepared to make to meet the views of the French Government. It is the desire of Her Majesty's Government to do whatever is possible to render the proposals acceptable to France, and to increase, so far as it can be done, the prospect of ultimate payment of the entire interest on the public debt of Egypt.

With this view Her Majesty's Government would consent that:—

(a.) England and France might jointly move the Powers to determine upon urging the Egyptian Government to examine how far the available resources of Egypt may be properly and prudently increased by equalizing the taxation as between rich and poor, and between natives and foreigners.

(b.) Her Majesty's Government will be prepared to reconsider the question of Egyptian finance in two or three years.

(c.) Any reduction from the interest of the debt to remain as a liability, to be dealt with on the reconsideration of Egyptian finance at the expiration of the above-mentioned term.

(d.) The guarantee on any fresh loan issued by the Egyptian Government to meet present necessities might, if desired, be a joint one, if this can be arranged without increasing international control.

The guaranteed 5,000,000*l.* might be a $3\frac{1}{4}$ per cent. stock.

The pre-preference position of the new loan might be waived.

The deduction from the interest on the Suez Loan might be more than $\frac{1}{2}$ per cent.

Her Majesty's Government would assume that, as a part of any friendly arrangement, the prosecution of the Egyptian Government by the Caisse de la Dette Publique would, as a matter of course, be dropped.

I am, &c.
(Signed) GRANVILLE.

No. 10.

Earl Granville to Her Majesty's Embassies (except Paris).

(Telegraphic.)

Foreign Office, January 4, 1885, 11:30 P.M.

FOLLOWING is substance of despatch which goes to Lord Lyons to-night:—

"Your Excellency states that answer of French Government respecting Egyptian finance may be expected on 15th instant, and will take the form of a counter-proposal. Her Majesty's Government would deprecate delay caused by what would appear an entirely new departure. It is their earnest desire to act in union and co-operation with France, and before taking into view any other alternative they express this desire in order to learn promptly whether French Government have a corresponding disposition. If French Government is prepared to proceed at once with a free discussion of the points raised by their proposals, Her Majesty's Government will be ready to show what they can do with a view to making them more acceptable. Inform M. Ferry, and express hope that he will enter at once upon discussion."

Your Excellency may communicate the substance of the above, confidentially, to the Government to which you are accredited.

No. 11.

Sir E. Malet to Earl Granville.—(Received January 5.)

E
(No. 3. Confidential.)
My Lord,

Berlin, January 3, 1885.

IN the course of a conversation which I had to day with Dr. Busch, Under-Secretary of State for Foreign Affairs, I alluded to the question of the admission of German and Russian members to the Treasury of Public Debt in Egypt, and he observed that apart from the opinion which the German Government held that there would be no infringement of the Law of Liquidation in their admission, he thought that the ground taken by Nubar Pasha in his reply was unfortunate.

He had expressed himself as being not unfavourable, but as awaiting the views of the other Powers. Now France and Austria had distinctly supported the proposal, and Italy, though more reserved, had shown that she would not withhold her consent.

The onus, therefore, of preventing the admission of the two new members fell, through the answer made, entirely on England.

I observed that there were fourteen Powers parties to the Law of Liquidation.

Dr. Busch replied that even Nubar had never suggested that it required the consent of other Powers than those who were the original framers of the Law, and he regretted the position taken in the answer, because it produced bad blood towards us.

I said that I feared that a good deal of bad blood was being made by the manner in which our proposals, as well as theirs, had been received, and that our ground of complaint was, I thought, much weightier.

Dr. Busch said that the question of the admission of the German and Russian members to the Treasury of Public Debt had no connection with the question of the proposals made by England.

I replied that the great lesson which Prince Bismarck had pressed upon me was that all questions between Governments were connected, however dissimilar their nature might be. He had said to me that as we had been unfriendly to him with regard to the Angra Pequena question, he had been unfriendly to us at the Egyptian Conference. It seemed, I said, to be unreasonable to expect us to be yielding to the German and Russian proposal, while our proposals received no response.

Dr. Busch answered that he feared that it was a vicious circle.

This was the only remark made by him which could be twisted into meaning that, if we consented, some reciprocity in friendly action might be the result.

I have, &c.
(Signed) EDWARD B. MALET.

No. 12.

Sir J. S. Lumley to Earl Granville.—(Received January 5, 10:30 P.M.)

(No. 2.)

(Telegraphic.)

Rome, January 5, 1885, 9:20 P.M.

YOUR telegram No. 1: Egyptian finance.

Italian Minister for Foreign Affairs has telegraphed to Italian Ambassador at Paris to support views expressed in your instructions to Lord Lyons of this date.

No. 13.

Memorandum on the Turkish Loans secured on the Egyptian Tribute.

	£
The tribute agreed to be paid by the Viceroy of Egypt to the Sultan, under the Firman of 1841, was	363,610
Out of this certain payments had to be made to the Hedjaz, amounting to	81,610
Leaving a balance of	282,000

Confidential No. 4747.
8vo., p. 10.
363,365*l.* (?)
80,000 purses.

In 1854 a Turkish loan for 3,000,000*l.* was raised, at 6 per cent. interest and 1 per cent. sinking fund; and among the securities given was a large amount of this tribute, namely, 210,000*l.*, which was sufficient for the purpose. This left an unappropriated balance of 72,000*l.*

In 1855 another loan was raised by Turkey for 5,000,000*l.* The British and French Governments guaranteed by Treaty the interest of this loan (4 per cent.), and the Sultan engaged to provide 1 per cent. for a sinking fund. The unappropriated balance of the Egyptian tribute, 72,000*l.*, was, with other securities, assigned for the annual payment of the interest of this loan.

The whole of this tribute, 282,000*l.*, was regularly paid into the Bank of England, to an account entitled "Egyptian Tribute," up to the 10th October, 1875; and so much of it as was required for the service of the 1854 Loan (210,000*l.*) was paid over half-yearly, on the order of the Ottoman Ambassador in London, to the agents of the said loan.

£
3,000,000
210,000
7 per cent.
282,000
210,000
72,000

Convention, June 27,
1855.
Declaration, July 27
1855.

Confidential No. 3849
p. 182.

In 1866 the Egyptian tribute paid to the Sultan was raised—								£
From	..	..	..	..	..	..	..	363,640
To	..	..	..	..	..	..	..	681,820*
Being an increase of								318,180

Confidential No. 4247,
p. 4.

In 1871 the Sultan raised another loan, for the nominal amount of 5,700,000*l.*, at 6 per cent., the issue price being 73 per cent., secured on the balance of the Egyptian tribute. But on the 17th September, 1877, two Agreements were signed between the Ottoman Government and the bondholders, by which a fresh arrangement was made with regard to the 1854 and 1871 Loans.

By this arrangement the *balance* of the tribute hypothecated was released by the bondholders and placed at the disposal of the Porte for the raising of a new loan, and the Ottoman Government engaged irrevocably to direct the Khedive of Egypt to remit and pay to the Bank of England, at certain fixed dates, the following sums yearly out of the Egyptian tribute :—

								£	s.	d.
On account of the 1854 Loan	..	..	..	..	..	..	..	99,511	11	7
" 1871 "	..	..	..	..	..	..	..	229,737	11	6
								329,249	6	1
But as the total tribute at this time (1877) amounted to								681,872	1	5†
The payment out of it of ..								329,249	6	1
Would still leave a <i>balance</i> of								352,622	18	4
Or, deducting for the 1855 guaranteed loan								72,000	0	0
A <i>balance</i> of								280,622	18	4

Confidential No. 3849,
p. 186.

It was agreed at the same time that these payments of 99,511*l.* 11*s.* 7*d.* and 229,737*l.* 11*s.* 6*d.* should be made for such a number of years as would be sufficient to extinguish these loans, and that they should be handed over by the Bank of England to the credit of Messrs. Dent, Palmer, and Co., or other agents of the bondholders.

It was then agreed, by the Agreements of the 17th September, 1877, that the interest on the 1854 Loan should be reduced from 6 per cent. to 5 per cent., and the sinking fund from 1 per cent. to $\frac{1}{2}$ per cent. on the then existing nominal amount of 1,800,300*l.*; and that the interest on the 1871 Loan should be reduced from 6 per cent. to 4 $\frac{1}{2}$ per cent. upon the sum of 5,378,700*l.*, the then outstanding residue.

The Sultan's Firman, sanctioning the Agreements of the 17th September, 1877, ended with these words :—

"The 280,622*l.* 18*s.* 4*d.* that remain to the credit of the Imperial Treasury out of the said tribute of Egypt, in consequence of the modifications effected in the annual assignments for interest and sinking funds of these two loans, may be henceforth spent and applied as judged expedient; the execution of an arrangement for its diversion and appropriation to another purpose will entirely fall within and accrue to the rights and powers of my august Empire."

In December following the Sultan raised a new loan for 5,000,000*l.*, at 5 per cent., the issuing price being 52 per cent.; and this balance of 280,622*l.* 18*s.* 4*d.* was assigned by the Sultan as a security for the payment of the interest.

This is known as the "Ottoman Defence Loan, 1877."

It will thus be seen that the whole of the Egyptian tribute of 150,000 purses (as well as the Zeyla tribute) is assigned by the Sultan as a security for the payment of the interest of the Ottoman Loans of 1854, 1855, 1871, and 1877.

Now, if it be desired to pay off these loans, so as to release the Egyptian tribute given as a security for the payment of the interest, the following amounts would, apparently, have to be paid :—

								£
1854 Loan	..	..	..	..	..	..	..	1,727,050
1855 "	..	..	..	..	..	..	..	3,815,200
1871 "	..	..	..	..	..	..	..	5,378,700
1877 "	..	..	..	..	..	..	..	1,693,200
								15,614,150

The full amount of the Egyptian tribute (681,872*l.*) would then be available as security for a new loan, to be issued on account of the Ottoman Government, to the

* The increase was from 50,000 to 150,000 purses, or £ T. 750,000, which, although sometimes stated to be equal to 705,000*l.*, was put by Mr. Bouverie, in 1880, at 681,820*l.*

† Including the Zeyla tribute, but deducting certain pensions (see Mr. Bouverie's Report, 1880).

same amount, at a lower rate of interest, and it would leave a large balance as security for a loan for the Egyptian Government in addition.

The interest now payable on the 1854 Loan is 5 per cent., and the sinking fund $\frac{1}{2}$ per cent.

The interest now payable on the 1855 Loan is 4 per cent., and the sinking fund (payable by Turkey) 1 per cent.

The interest now payable on the 1871 Loan is 4 $\frac{1}{2}$ per cent., and special arrangements made with regard to the sinking fund.

The interest now payable on the 1877 Loan is 5 per cent., and special arrangements made with regard to the sinking fund.

The tribute on account of the 1854 and 1871 Loans is paid direct by Egypt to the Bank of England to the credit of Dent, Palmer, and Co.

The tribute on account of the Guaranteed 1855 Loan is paid direct by Egypt to the Bank of England.

The tribute on account of the 1877 Loan is paid to the Bank of England to the credit of Glynn, Mills, and Currie.

To raise a new loan for 15,614,150*l.*, at 3 per cent. interest (without providing a sinking fund), tribute to the amount of 168,121*l.* would be required as security. This would leave 213,118*l.* available as security for an Egyptian loan (provided the consent of Turkey could be obtained) to the extent of 7,010,781*l.* at 3 per cent., and without providing for sinking fund.

But it should also be stated that if the 1855 Loan was paid off the customs of Smyrna, estimated in 1855 at 180,000*l.* a-year, and the customs of Syria, estimated at 100,000*l.* a-year, making together 280,000*l.* a-year, which were assigned as an additional security for this loan (by the Convention of the 27th June, 1855), would also be released; but to what extent, if any, these customs revenues have been made over to Her Majesty's Government I am unable to state without further investigation, for which time, at this moment, does not admit.

(Signed) E. HERTSLET.

Foreign Office, January 1, 1885.

P.S.—If the Loans of 1854 and 1871, which stand together, and which amount to 7,105,750*l.*, were paid off, it would release 329,249*l.* 6*s.* 1*d.* of tribute, which would be available as security for a new loan of 10,971,976*l.* 13*s.* 1*d.* at 3 per cent., or 8,231,232*l.* 10*s.* at 4 per cent.

If the Guaranteed Loan of 1855, now amounting to 3,815,200*l.*,* was paid off, it would release 72,000*l.* of tribute (and the customs revenues of Smyrna and Syria), which tribute would be available as a security for a new loan of 2,100,000*l.* at 3 per cent. interest, or 1,800,000*l.* at 4 per cent.

If the 1877 Loan for 1,693,200*l.* was paid off, it would release 280,622*l.* 18*s.* 4*d.* of tribute, which would be available as security for a new loan of 9,354,097*l.* 1*s.* 8*d.* at 3 per cent. interest, or 7,015,572*l.* 18*s.* 4*d.* at 4 per cent.

The following are the present quotation prices of these loans :—

1854	..	..	..	..	..	..	..	..	(say) 69
1855	..	..	..	..	..	..	..	..	107
1871	..	..	..	..	..	..	..	..	68
1877	..	..	..	..	..	..	..	..	81

E. H.

Foreign Office, January 5, 1885.

No. 14.

The Committee of Indemnities (Alexandria) to M. Derenthal.—(Communicated to Earl Granville by Count Munster, January 6, 1885.)

M. le Consul-Général,

Alexandrie, le 15 Décembre, 1884.

VOUS n'ignorez pas la situation cruelle où se trouve la population d'Alexandrie par suite du retard indéfini que subit le règlement des indemnités.

Les dernières nouvelles arrivées d'Europe et qui annoncent d'une part que les Chambres Anglaises sont prorogées jusqu'au mois de Février, et d'autre part, que les

* Mr. Bouverie states that the Porte reserved to itself the right to redeem this loan at 111 August, 1879, but this statement requires verification.

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D

Puissances ajournent les négociations relatives à la question financière Égyptienne jusqu'après la Conférence du Congo, ont de nouveau créé ici une inquiétude et une agitation faciles à comprendre.

Nous avons, comme nous l'avons toujours fait, cherché à calmer les esprits, et pour écarter les propositions de meetings et manifestations publiques, que l'on nous demande de nouveau, et qui peuvent toujours avoir quelque inconvénient, lorsque les esprits sont aigris par la souffrance, nous avons cru pouvoir nous adresser à l'Europe, représentée aujourd'hui à Berlin dans la Conférence pour l'Afrique Occidentale.

Nous savons bien que l'objet de cette Conférence est étranger à la question Égyptienne, mais l'urgence de la situation nous permet d'espérer qu'il ne sera pas impossible de profiter de la réunion des Plénipotentiaires pour essayer d'obtenir une solution.

Nous désirerions donc faire parvenir à son Altesse le Prince Bismarck, en sa qualité de Président de cette Conférence, une dépêche, lui rappelant la situation des indemnités Égyptiens, et le priant de soumettre aux Puissances la nécessité d'y mettre un terme.

Et nous avons pensé que personne, M. le Consul-Général, ne pourrait être un meilleur et plus bienveillant intermédiaire que vous, pour faire parvenir cette dépêche au Prince et pour l'appuyer. Elle serait ainsi conçue :—

"Prince, le Comité des Indemnités me prie de vous transmettre la dépêche suivante :—

"Les souffrances, créées par le retard dans le paiement des indemnités, sont devenues intolérables, et menacent la population d'une ruine imminente. Urgence d'un règlement immédiat. Le Comité prie votre Altesse comme Président de la Conférence de Berlin de profiter de la réunion des Puissances, pour soumettre cette question urgente à la Conférence, quoique étrangère à son programme."

Nous espérons, M. le Consul-Général, que vous ne verrez pas d'objection à l'envoi de cette dépêche, et le Comité se tient naturellement à votre disposition pour tout remboursement.

Nous vous remercions d'avance de ce que vous ferez pour l'intérêt de nos mandants, et nous vous prions de vouloir bien nous faire savoir si vous voulez bien adhérer à notre démarche et le résultat qu'elle pourra obtenir.

Nous vous prions, M. le Consul-Général, d'agréer, &c.

Le Comité,
(Signé) A. MANUSARDI, *Président.*
GILLY.
G. MARCUS.
ANTONIO CAPRARA.
Dr. G. BROCHNER, *Avocat.*
E. STROSS, *Ch. Ott. Ing.*
G. NORSA, *Secrétaire.*

No. 15.

M. Derenthal to M. Manusardi.

Monsieur,

Le Caire, le 16 Décembre, 1884.

J'AI reçu la lettre que le Comité des Indemnités a bien voulu m'adresser en date d'hier, et dans laquelle il me demande de faire parvenir au Prince de Bismarck un télégramme le priant de soumettre à la Conférence, réunie en ce moment à Berlin, la question du règlement des indemnités.

Vous ne mettez pas en doute, Monsieur, les profondes sympathies que je porte personnellement à la situation critique des indemnités et mon désir sincère de voir réglée cette question dans le plus bref délai possible.

Toutefois, à mon vif regret, ma position officielle ne me permet pas dans cette circonstance de me faire auprès du Prince de Bismarck l'organe d'une pareille démarche et cela d'autant moins que la question financière Égyptienne n'est pas comprise dans le programme de la Conférence actuelle.

Je suis obligé en conséquence de laisser à l'appréciation du Comité, s'il juge opportun de transmettre son télégramme directement au Chancelier de l'Empire.

Veillez, &c.
(Signé) v. DERENTHAL.

No. 16.

Sir E. Baring to Earl Granville.—(Received January 6, 1885.)

(No. 1180.)

My Lord,

Cairo, December 28, 1884.

WITH reference to my despatch No. 1177 of the 27th instant, I have the honour to inclose an extract from the "Egyptian Gazette" of yesterday, containing the text of the reply of the German Consul-General to M. Manusardi's request that he would move Prince Bismarck to bring the question of the Alexandria indemnities before the Conference now assembled at Berlin.

Your Lordship will observe that, while regretting his inability to comply with this request, M. Derenthal leaves it to the Committee to decide whether to send a telegram direct to Prince Bismarck or not.

The text of M. Manusardi's telegram to Prince Bismarck is likewise given.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 16.

Extract from the "Egyptian Gazette" of December 27, 1884.

NOUS publions ci-dessous la réponse faite par Herr von Derenthal à la demande du Président du Comité des Indemnités de transmettre un télégramme au Prince Bismarck, priant le Chancelier Allemand de soumettre le règlement des indemnités à la Conférence du Congo.

Nous croyons que, au reçu de la réponse de l'Agent et Consul-Général d'Allemagne, M. Manusardi a transmis la dépêche au Prince Bismarck. Nous ne pouvons qu'espérer qu'elle pourra attirer l'attention sur la malheureuse position des indemnités, dont les intérêts sont si complètement sacrifiés aux rivalités des Puissances Européennes.

Voici la réponse faite par M. von Derenthal à M. Manusardi :—

"Monsieur,

"Le Caire, le 16 Décembre, 1884.

"J'ai reçu la lettre que le Comité des Indemnités a bien voulu m'adresser en date d'hier, et dans laquelle il me demande de faire parvenir au Prince de Bismarck un télégramme le priant de soumettre à la Conférence, réunie en ce moment à Berlin, la question du règlement des indemnités.

"Vous ne mettez pas en doute, Monsieur, les profondes sympathies que je porte personnellement à la situation critique des indemnités et mon désir sincère de voir réglée cette question dans le plus bref délai possible.

"Toutefois, à mon vif regret, ma position officielle ne me permet pas, dans cette circonstance, de me faire auprès du Prince de Bismarck l'organe d'une pareille démarche, et cela d'autant moins que la question financière Égyptienne n'est pas comprise dans le programme de la Conférence actuelle.

"Je suis obligé, en conséquence, de laisser à l'appréciation du Comité, s'il juge opportun de transmettre son télégramme directement au Chancelier de l'Empire.

Veillez, &c.
(Signé) "DERENTHAL.

"M. A. Manusardi, *Président du Comité des Indemnités, Alexandrie.*"

Voici également le télégramme que M. Manusardi a dû transmettre au Prince Bismarck :—

"Prince Bismarck, Chancelier Empire, Berlin.

"Souffrances créées par retard paiement indemnités devenues intolérables menacent ruine complète population. Le Comité des indemnités profitant réunion Puissances en Conférence implore votre Altesse, son Président, provoquer solution de cette question urgente, osant espérer que son caractère éminemment humanitaire lui permettra franchir limites programme Conférence. C'est un cri de détresse que nous vous adressons.

"Président Comité,
(Signé) "MANUSARDI."

Sir E. Baring to Earl Granville.—(Received January 6, 1885.)

(No. 1183.)

My Lord,

Cairo, December 28, 1884.

I HAVE the honour to address your Lordship on the subject of the Judgment which was recently delivered against the Egyptian Government in the Court of First Instance of Cairo, and of which I now inclose an authentic copy.

For the sake of convenience of reference, I propose to summarize the official correspondence which has taken place on this subject since the 9th December, the date on which the Judgment was delivered.

On the 9th December I informed your Lordship by telegraph that Judgment had been delivered.

On the 11th December I telegraphed to your Lordship that the greatest inconvenience would result if the Judgment was confirmed by the Court of Appeal, in so far as the personal action of the various Government officials is concerned.

On the 12th December I had a conversation with Nubar Pasha on this subject; his Excellency expressed to me the anxiety he felt as regards the situation generally. He was evidently much discouraged at the rejection of Lord Northbrook's proposals, of which he cordially approved. He viewed the delay which was taking place in the settlement of the financial situation with considerable, and I may add very justifiable, alarm.

As regards the action brought by the Caisse against the Government, he pointed out that at the time the payments to the Caisse were suspended, it was regarded as almost certain that, before effect could be given to any legal proceedings which the Commissioners might think fit to institute, the settlement of the financial situation would be so far advanced as to obviate any evil consequences which might result from a collision between the Government and the Tribunals; that as the anticipations then formed had not been realized, the situation was becoming one of great embarrassment; and that if the personal interests of the officials concerned were in any way detrimentally affected, not only would a great injustice be committed, but also that the authority of the Government, under whose orders they had acted, would be seriously impaired.

His Excellency was inclined to think that it would be desirable to enter into negotiations with the Commissioners with a view to getting them to suspend any further action, but I gathered in conversation that the main reason which induced his Excellency to make this suggestion was that he was in doubt as regards the extent to which the Egyptian Government could count on the support of Her Majesty's Government in the direction of shielding the officials against whom Judgment has been delivered, from any consequences which might result to them by reason of the decision of the Tribunals.

On the 12th December I informed your Lordship of the nature of the communication which Nubar Pasha proposed to make to the Caisse, and I added:—

"I have little confidence in any good result arising from communications with the Caisse. On the other hand, it is almost certain that the Court of Appeal will confirm the sentence, and may not improbably condemn Nubar Pasha himself, who is, under the present Judgment, excluded.

"I understand also that, in view of the difficulties with the Powers and of the engagements taken to Parliament, there is very little probability of a settlement before Judgment is given in appeal.

"I cannot advise Nubar Pasha what to do unless I know what course Her Majesty's Government proposes to pursue in the very probable contingency of final Judgment being given and execution commenced before the Law of Liquidation is changed. I cannot too strongly impress on your Lordship the very serious embarrassment that will then ensue. The course pursued by the various officials who have been condemned was adopted not only with the approval but almost at the instigation of Her Majesty's Government. It appears to me quite out of the question that execution of Judgment on their personal property should be allowed. Yet, in default of a timely arrangement, this will certainly be done, unless we either take the very serious step of preventing execution by force; or unless Her Majesty's Government is prepared to advance the money necessary to pay the amount of the Judgment."

About the same time that the Judgment of the Court of First Instance was delivered, the German and Russian Consuls-General communicated to the Egyptian

Government a request, on the part of their respective Governments, to be represented on the Commission of the Debt. This request, which was supported by the French, Austrian, and, although to a less extent, by the Italian Governments, tended to increase the uneasiness which was felt here, and at one time it appeared not improbable that a Ministerial crisis was impending.

It was under these circumstances that, on the 14th December, I informed the Khedive and Nubar Pasha, as reported in my despatch No. 1138 of that day, that Her Majesty's Government would be prepared to support His Highness in resisting any pressure which might be brought on him to change his present Ministry.

As regards the law-suit, I added that it was important to gain time by all legitimate means, and that I thought it would be advisable to abandon the idea of negotiating with the Caisse.

I also stated that Her Majesty's Government considered themselves pledged to see that no harm comes to the officials against whom Judgment has been delivered, and that they would be prepared, in case of need, to take the necessary measures to give effect to their decision in this respect.

I understood at the time that these declarations were in conformity with the views of Her Majesty's Government.

On the 17th December your Lordship inquired when the Judgment of the Court against the Egyptian Government could be executed.

On the 18th, I replied that the 23rd January was the earliest date on which execution could take place, but that the Government lawyers thought that they might be able to delay it about three weeks longer.

In the meanwhile the Judgment has not yet been officially notified to the Egyptian Government. I am not able to speak with any degree of confidence as to the reasons of this delay, but I may say that I have no reason to suppose that the French and Austrian Commissioners of the Debt have received any hints from their respective Governments not to press matters on too rapidly.

The delay in notifying the Judgment of the Court of First Instance will, of course, cause a proportional postponement in the delivery of the final Judgment by the Court of Appeal.

I have informed your Lordship, by telegraph, that I have reason to believe that the Judgment will be officially notified to the Egyptian Government on the 29th, together with notice of execution within twenty-four hours.

The Egyptian Government will at once give notice of appeal, and will thus stay execution.

I understand that the Commissioners of the Debt will also appeal against that portion of the Judgment which acquits Nubar Pasha.

Such, therefore, are the facts of the case at the present moment.

I now proceed to comment on the probable course of events in the future.

The first point to which I wish to draw your Lordship's special attention is that there is not the very smallest chance that the Judgment of the Court of First Instance will be reversed by the Court of Appeal. The main argument which can be adduced in defence of the action taken by the Egyptian Government is that the suspension of payments to the Caisse was an act of State dictated by imperious necessity. At the time the step in question was taken the Egyptian Government had come to the end of its resources. Had not the money which, under the Law of Liquidation, should have gone to the Caisse been appropriated by the Government, the latter would have been obliged either to leave its employés unpaid—a course which would have produced an amount of administrative disorder highly detrimental to every one connected with Egypt, including the bondholders themselves—or it would have been obliged to suspend the payment of the tribute, and thus violate the Firmans of the Sultan.

The Government, therefore, took the course which, under all the circumstances of the case, was the least detrimental to all the interests concerned.

No impartial person can deny that, from a common-sense point of view, this is a sound and valid argument.

The Court of First Instance deals with this and other cognate arguments which were advanced by the advocates of the Egyptian Government in the course of their pleadings, in the following manner:—

"Il n'y a pas lieu," the Judgment says, "de s'arrêter à l'examen des considérations d'ordre politique que le Gouvernement Égyptien invoque comme justification de l'acte enriminé; car, en admettant que ces considérations puissent avoir quelque valeur en ce qui concerne la responsabilité personnelle des Ministres qui ont pris l'initiative de l'acte, ou qui ont procédé à son exécution, il n'en resterait pas moins

acquis au procès que le Trésor public a reçu indûment des capitaux qui appartiennent aux créanciers de la Dette Consolidée, et qui, d'après la Loi de Liquidation, devraient être versés dans la Caisse de la Dette. . . . Si la suspension de l'amortissement est commandée par des nécessités financières, il appartient au Pouvoir Souverain"—which, in this case, must mean all the Powers who were parties to the institution of the Mixed Courts—"et à lui seul, et non pas à de simples agents exécutifs, d'apporter à la Loi de Liquidation les modifications commandées par les circonstances."

Without attempting to examine in detail the arguments quoted above, I may say that I feel perfectly confident that there is not the smallest chance that any such considerations as those which I have set forth in defence of the action of the Egyptian Government will be held by the Court of Appeal to constitute a valid legal plea in justification of their action.

It is impossible to have lived so long as I have in Egypt without becoming to some extent acquainted with the temper of the Law Courts, and with the class of argument which is likely to carry weight with them. I have no hesitation in saying that the argument to which I have alluded above, however much it may appeal to statesmen, will produce no effect whatever on the minds of the Judges, who will look to the strict letter and text of the several Decrees, and to nothing else. This, I may add, is not only my own opinion, but the opinion of others whose experience of the working of the Law Courts is greater than any to which I can pretend.

Another argument which was advanced on behalf of the Egyptian Government was that the action taken by the Caisse is invalid, owing to the attitude of Mr. Money, the English Commissioner, who on this occasion disagreed with his colleagues. Not only was this argument rejected by the Court of First Instance, for reasons which are set forth in the Judgment, but the Court appears to have decided that any one of the Commissioners might, if he thought fit, institute legal proceedings without co-operation with any of his colleagues.

"Il est en effet de règle," the Judgment says, "en thèse générale, que chaque mandataire peut faire séparément tous les actes inhérents à une commune administration, lorsque le mandat n'a pas spécialisé les fonctions ou n'a pas expressément stipulé que l'un ne pourrait agir sans l'autre. (Code Français, Article 1857.)"

M. Rocca Serra, the Advocate of the Egyptian Government, has informed me that he considers it quite impossible to challenge the legal validity of the principle thus laid down by the Court.

The question of the personal responsibility of the officials concerned was argued at length before the Court. The reasons which led the Court to the conclusion that they were personally responsible are given at length in the Judgment. It will be sufficient for me to say here that the Advocates of the Egyptian Government warned me before the case came on that, in view of the terms of Article 2 of the Decree of the 2nd May, 1876, they had little hope of success in their endeavours to exculpate the officials. Allusion is made to this Article by the Court in the following terms:—

"Le législateur a stipulé d'autre part que les fonctionnaires comptables ne seront valablement déchargés ou libérés que par les quittances qui leur seront délivrées par la Commission de la Dette, et que tout autre ordre ou quittance sera sans effet."

I have dwelt thus at length on the terms of the Judgment, because I think it very desirable to show your Lordship how the main arguments, which may be advanced in defence of the Egyptian Government, have been dealt with by the Court.

It is sometimes supposed that no great confidence can be placed in the impartiality of the Judges of the Mixed Courts when affairs are left to their decision, in which political issues are directly or indirectly involved, and instances might, without doubt, be cited, which would appear to give some colour to the charge that in such cases the Judges are not wholly free from political bias.

But I think I ought to mention that the President of the Court of First Instance, who delivered the particular Judgment now under discussion, was M. Vereamer, a Belgian. M. Vereamer is a man of ability, and is, I am confident, entirely free from political bias. I have no hesitation in saying that, whatever exception may be taken, from a purely legal point of view, to the grounds on which the Judgment of the Court is based, it represents M. Vereamer's impartial opinion.

It is understood that M. Vereamer agreed in the decision of the Court, and that he himself wrote the Judgment.

On the 17th instant your Lordship inquired whether the Egyptian Governmen

was acting under the best legal advice procurable. On the 18th I replied that I was satisfied with the advice under which the Government was acting. M. Rocca Serra, who is the leading counsel retained on behalf of the Egyptian Government, is a lawyer of high reputation. I have discussed the whole subject fully with him, and so far as I am able to form an opinion on a matter of this sort, I should say that he fully understands the case, and that he may be relied upon to state to the Court the arguments on behalf of the Egyptian Government with skill and ability.

I do not think that, so far as the local Bar is concerned, a better choice could be made. It might, indeed, be possible to bring from France or England a lawyer of greater celebrity, but this procedure would be expensive, and I believe that the money would be thrown away, for I feel quite confident that no display of forensic eloquence or legal knowledge will in this case procure a Judgment favourable to the Egyptian Government from the Court of Appeal. There cannot, in fact, be a shadow of a doubt that the Law of Liquidation has been violated, and unless the Court is prepared to set aside that Law, the final Judgment cannot be otherwise than condemnatory of the Egyptian Government.

I understand that it is the desire of Her Majesty's Government that as much time as possible should be gained before the delivery of the Judgment. I have discussed the question of procedure fully with M. Rocca Serra.

Your Lordship may rely on every legitimate means being adopted to delay the proceedings.

The success of these endeavours must, however, greatly depend upon the attitude of the plaintiffs, that is to say, the Commissioners of the Debt, and also on whether the Court of Appeal allows the case to be considered as urgent. It is probable that the Judgment of the Court of Appeal cannot be delayed for more than about two months from the time the Judgment of the Court of First Instance is officially notified to the Egyptian Government, and it is quite possible that the delay may not extend over more than six weeks.

I have now probably said enough to show your Lordship that in considering this subject, the condemnation of the Egyptian Government by the Court of Appeal may be predicted with as absolute a certainty as is possible in a matter of this sort. I trust, therefore, that Her Majesty's Government will approach the subject from this point of view, and will entirely discard any hope that the Judgment which has recently been delivered will be reversed in appeal. Not only is it sure to be confirmed, but also it is highly probable that Nubar Pasha will be included amongst the officials who are personally responsible, instead of being excluded as in the Judgment of the Court of First Instance.

Another preliminary point on which I wish to make some remarks is the question of the responsibility which devolves upon Her Majesty's Government in this matter.

It would be difficult now to state precisely with whom the proposal to suspend payment of the assigned revenues to the Caisse originated. In the course of the discussions which took place in London last summer, attention was drawn to the undesirability of allowing the surplus from the assigned revenues to be applied to the redemption of debt whilst the Conference was sitting. When the Conference broke up without arriving at any settlement it was clear to every one who was acquainted with the existing financial situation in Egypt that, apart from the difficulties which would arise in connection with any permanent arrangement which might eventually be agreed upon, the Egyptian Government would very shortly be in a situation of extreme embarrassment owing to a want of ready money to meet its current expenditure.

In a despatch No. 861 of the 3rd September Mr. Egerton submitted to your Lordship a Memorandum prepared by Mr. Vineen from which it appeared that the Egyptian Government would not be able to meet the payments on account of the tribute falling due on the 25th and 27th September.

Lord Northbrook, accompanied by myself, arrived at Cairo on the 9th September. The state of the cash balance of the Egyptian Treasury was the first subject which occupied his Lordship's attention. He found that the situation was somewhat worse than that set forth in the Memorandum inclosed in Mr. Egerton's despatch of the 3rd.

On the 13th September Lord Northbrook informed your Lordship by telegraph that the estimated deficit on the 7th October amounted to 200,000*l.*, and that the deficiency on the current account for October would be at least 32,000*l.*

At a meeting held at my house on the 13th September, Nubar Pasha and Mustafa Pasha Fehmi, the Minister of Finance, were asked what course the Egyptian

Government proposed to adopt in order to meet the immediate difficulties of the situation. They replied that they considered it necessary to pay the surplus of the assigned revenues into the general Treasury instead of into the Caisse, in order to defray the charges of administration.

Lord Northbrook, in reporting this matter to your Lordship, said—

“The Egyptian Government ask the support of Her Majesty’s Government to the adoption of this course, which I recommend as absolutely necessary, whatever other steps may follow.”

On the 16th September your Lordship replied to Lord Northbrook in the following terms:—

“Act upon your discretion.”

Payments to the Caisse were accordingly suspended; and on the 19th September your Lordship addressed a Circular to the British Representatives at the principal Courts of Europe in which they were instructed to express a hope to the Governments to which they were accredited that the latter would concur with Her Majesty’s Government as to the urgency of the measure, which the Egyptian Government had provisionally adopted.

At the time that orders were issued to the various officials concerned to pay the funds in their hands into the General Treasury instead of into the Caisse, they were assured that the Egyptian Government took upon itself the burden of relieving them from all personal responsibility in the matter, and as these assurances were repeated both by Lord Northbrook and myself, these officials were perfectly justified in thinking that behind the Egyptian Government lay Her Majesty’s Government, who would be prepared, in case of necessity, to take effective measures for their personal protection.

After Lord Northbrook’s departure more than one of the officials concerned spoke to me as regards his personal position, in respect to which he expressed some anxiety. I always repeated the assurances given at the time the original order was issued.

Lastly, on the 14th December, I gave Nubar Pasha the assurance which I have already quoted in this despatch, and in virtue of which the responsibility of Her Majesty’s Government is distinctly asserted.

Even if this assurance had not been given, the responsibilities of Her Majesty’s Government would have been clear, for the Egyptian Government could certainly never have adopted the measure under discussion if they had not been assured of the support of Her Majesty’s Government.

Indeed, I may go further and say that, although, as the official record shows, the initiative in respect to this proposal was taken by the Egyptian Government, as a matter of fact the proposal was the natural outcome of conversations which had taken place between Lord Northbrook, the various Egyptian authorities concerned, and myself; and it would certainly never have been made if Nubar Pasha and his colleagues had not felt assured that they were acting in conformity with Lord Northbrook’s views and my own.

Under these circumstances there cannot, I conceive, be a doubt that Her Majesty’s Government is under the strongest obligation to protect the various officials concerned from any evil consequences which, without such protection, might accrue to them from the action they took in paying the funds at their disposal into the General Treasury.

The facts of the case are therefore clear enough.

On the one hand it is, in my opinion, quite certain that if the suit comes before the Court of Appeal, the Judgment of the Lower Court will be confirmed.

It is probable that unless pressure, in the sense of delaying the proceedings, be exerted on the Austrian and French Commissioners, especially the latter, by their respective Governments, Judgment will be delivered by the Court of Appeal some time during the month of February. On the other hand, the obligation on the part of Her Majesty’s Government to protect the various officials concerned is quite clear.

If once Judgment is delivered and steps are taken towards executing it, I know of but two ways out of the difficulty. One is for Her Majesty’s Government to advance to the Egyptian Government the money necessary to satisfy the legal claims of the Caisse. The other is to use force to prevent the execution of the Judgment.

The objections to the adoption of the first course are sufficiently obvious, but I need not dwell on them at any length for they concern to a great extent the relations

between Her Majesty’s Government and Parliament, into the discussion of which it is not part of my province to enter. Regarding the matter from the diplomatic point of view, and also with reference to the effect which would be produced on the public mind in Egypt, there can be little doubt that if Her Majesty’s Government were obliged to pay this money, they would be placed in a very humiliating position.

The second alternative, namely, that of preventing the execution of the Judgment by force, is obviously open to very grave objections.

It would in any country, and under any circumstances be a very serious matter to employ force to prevent the execution of the Judgment of a properly constituted Tribunal.

But the matter becomes doubly serious when the Tribunal whose Judgment is thus rendered inoperative is one created with the sanction of all the Powers of Europe. In such a case diplomatic complications of a very serious nature may not improbably be incurred.

I do not say that, if the negotiations now going on are not speedily concluded, it may not be necessary to adopt this course, but before it is adopted, the difficulties which will subsequently ensue should be looked fairly in the face. The whole financial, political, and, I may add, in my opinion, military and naval also, should be situation, thoroughly considered beforehand.

I wish most earnestly to represent to your Lordship that any interference by force to prevent the execution of the Judgment of the Tribunals cannot be regarded as an isolated act. The ulterior consequences of this act will be very serious. It will certainly bring on a crisis in Egyptian affairs. It will impel Her Majesty’s Government to further action. Nothing, I conceive, would be more detrimental to the interests of all concerned, or more likely to lead to serious embarrassments than the adoption of this measure without a clear idea of the policy which is to be subsequently pursued. To drift on any further without a definite and practicable policy would be a course replete with dangers.

I venture to think, therefore, that this most important matter should be fully considered betimes, so that, should the necessity for action arise—as will very probably be the case—we may know what policy to adopt.

As to the nature of the policy which should be adopted, your Lordship is so fully acquainted with all the facts of the case that I need not dwell on them.

I will only say that I entertain a strong personal opinion that the employment of English credit to a greater extent than under the plan recently submitted by Her Majesty’s Government to the Powers, is, under the present circumstances, by far the least objectionable and least dangerous way out of our difficulties.

I have, &c.
(Signed) E. BARING.

P.S.—Since this despatch was written the Judgment of the Court of First Instance has been officially notified to the Egyptian Government, as reported in my despatch No. 1186 of the 29th instant.

E. B.

December 30, 1884.

[Inclosure in No. 17.]

TRIBUNAL MIXTE DU CAIRE.

Audience du 9 Décembre, 1884.

Jugement rendu dans l'Affaire des Commissaires de la Dette Publique

Contre

1. Le Gouvernement Égyptien ;
2. Leurs Excellences Nubar Pacha et Moustapha Fehmi Pacha ;
3. Les Moudirs des quatre Provinces affectées ;
4. Mr. Caillard ;
5. MM. le Mesurier et Ali Riza Pacha.

Audience Publique du Tribunal Mixte de Première Instance du Caire.

EN la cause entre : MM. P. Baravelli, G. le Chevalier, et Baron Vetsera, Commissaires-Directeurs de la Caisse Spéciale de la Dette Publique Égyptienne, faisant élection de domicile au Caire, en l'étude de M^e Tito Figari, Avocat à la Cour d'Appel, demandeurs d'une part ; et—

1. Le Gouvernement Égyptien en la personne de son Excellence Moustapha Fehmi Pacha, Ministre des Finances ;
2. Son Excellence Nubar Pacha, Président du Conseil des Ministres, demeurant au Caire, en sa maison, Rue Bab-el-Hadid ;
3. Son Excellence Moustapha Fehmi Pacha, personnellement cité par acte séparé ;
4. Son Excellence Mehrez Bey, Moudir de la Province de Béhéra, pris tant en sa dite qualité qu'en son nom personnel, cité par acte séparé ;
5. Son Excellence Ahmed Bey Choukri, Moudir de la Province de Menoufieh, pris tant en sa dite qualité qu'en son nom personnel, cité par acte séparé ;
6. Son Excellence Moustapha Pacha Soubhi, Moudir de la Province de Garbich, pris tant en sa dite qualité qu'en son nom personnel, cité par acte séparé ;
7. Son Excellence Mohamed Pacha Zaki, Moudir de la Province d'Assiout, pris tant en sa dite qualité qu'en son nom personnel, cité par acte séparé ;
8. Mr. Caillard, Directeur-Général des Douanes Égyptiennes, au siège de cette Administration, à Alexandrie ;
9. Mr. Caillard, Directeur-Général des Douanes Égyptiennes, en son domicile personnel ;
10. Son Excellence Aly Pacha Riza, en sa qualité de Président du Conseil d'Administration des Chemins de Fer Égyptiens, Télégraphes, et du Port d'Alexandrie, au siège de cette Administration, au Caire ;
11. Son Excellence Ali Pacha Riza, Administrateur des Chemins de Fer Égyptiens, en son domicile personnel, au Caire ;
12. M. le Mesurier, Membre du Conseil d'Administration des Chemins de Fer Égyptiens, en son domicile personnel, au Caire, défendeurs, d'autre part.

Point de Fait.

Suivant exploit de Joseph Spano, Huissier attaché à ce Tribunal, en date du 4 Octobre dernier, les Commissaires-Directeurs de la Caisse Spéciale de la Dette Publique Égyptienne, MM. P. Baravelli, G. le Chevalier, et Baron Vetsera, ont fait assigner les défendeurs susnommés à comparaître, le 20 du même mois et année, par devant le Tribunal de céans, jugeant en matière civile, pour :

Voir déclarer nuls et non avenus les ordres donnés par le Ministère des Finances aux provinces et Administrations affectées ;

Voir dire que les dites provinces et Administrations devront continuer à verser à la Caisse de la Dette Publique tous les revenus affectés, sans distinction aucune entre la partie applicable au paiement du coupon et la partie applicable à l'amortissement ;

S'entendre condamner le Gouvernement Égyptien à rembourser, avec intérêts de droit, aux requérants des-qualités, toutes les sommes par lui reçues des provinces et

Administrations affectées tant jusqu'à ce jour, que jusqu'au Jugement à intervenir dans le cas où des perceptions illégales continueraient d'avoir lieu après la présente assignation ;

S'entendre son Excellence Nubar Pacha et son Excellence Moustapha Fehmi, personnellement et solidairement entre eux comme avec le Gouvernement, condamner au même remboursement ;

S'entendre sous la même solidarité avec le Gouvernement Égyptien et leurs Excellences Nubar Pacha et Moustapha Fehmi Pacha, et solidairement entre eux pour MM. Le Mesurier et Ali Riza Pacha ;

Condamner son Excellence Moustapha Pacha Soubhi, son Excellence Ahmed Bey Choukri, son Excellence Mehrez Bey, son Excellence Mohamed Pacha Zaki, Mr. A. Caillard, son Excellence Aly Pacha Riza, M. A. Le Mesurier, à rembourser, avec intérêts de droit, chacun pour leur part, les sommes par eux indûment versées au Ministère des Finances ;

S'entendre tous les défendeurs susnommés condamner aux dépens ;

Voir déclarer le Jugement à intervenir exécutoire par provision, nonobstant opposition ou appel et sans caution ;

Sous réserve de toutes autres voies et actions tant ordinaires qu'extraordinaires, sous réserves spéciales en ce qui concerne le Gouvernement Égyptien de toutes autres demandes en paiement de toutes sommes qu'il peut devoir à d'autres titres à la Caisse de la Dette Publique, notamment pour droit de douane, et sous toutes autres réserves généralement quelconques ;

En cet état, la cause inscrite au rôle générale sous le No. 2992 de la IX^e a. j. a été portée et appelée, après deux renvois, en ordre utile à l'audience du 25 Novembre dernier, à laquelle ont comparu :

M^e Figari, avocat, pour les demandeurs, se réfère aux exploits d'ajournement des 4, 6, 7, et 8 Octobre dernier, et verse les conclusions écrites, par lesquelles il conclut à ce qu'il plaise au Tribunal :

Rejeter comme mal fondées et au surplus irrecevables les exceptions des défendeurs.

Et au fond —

Condamner le Gouvernement Égyptien conjointement et solidairement avec leurs Excellences Nubar Pacha et Moustapha Pacha Fehmi, personnellement à rembourser et réintégrer à la Caisse de la Dette Publique la somme de P. T. 52,364,876 2 p., indûment versée au Trésor de l'État ;

Prononcer la solidarité et condamnation personnelle :—

1. De son Excellence Moustapha Pacha Soubhi, Moudir de Garbich, jusqu'à concurrence de P. T. 10,544,154 32 p.
2. De son Excellence Ahmed Bey Choukri, Moudir de la Menoufieh, jusqu'à concurrence de P. T. 5,201,155 22 p. ;
3. De son Excellence Mehrez Bey, Moudir de Béhéra, jusqu'à concurrence de P. T. 4,744,000 ;
4. De son Excellence Mohamed Pacha Zaki, Moudir d'Assiout, jusqu'à concurrence de P. T. 2,550,000 ;
5. De Mr. A. Caillard, Directeur des Douanes, jusqu'à concurrence de P. T. 9,531,257 15 p. ;
6. De M. Le Mesurier et de son Excellence Aly Pacha Riza, jusqu'à concurrence de P. T. 19,794,308 13 p. ;

Aux intérêts sur les dites sommes de 7 pour cent l'an, à courir du jour du versement des sommes susdites, à la Caisse du Ministère des Finances, jusqu'au jour du remboursement à la Caisse de la Dette Publique ;

En tous frais et dépens ;

Le tout par Jugement exécutoire par provision, nonobstant appel et sans caution ;

M^e Rocca Serra, avocat, pour le premier défendeur (Gouvernement), soulève une exception d'irrecevabilité par défaut faute de qualité des demandeurs ;

M^e Ceconi, pour les deuxième et troisième défendeurs (leurs Excellences Nubar Pacha et Moustapha Pacha Fehmi) s'associe à l'exception soulevée par le Gouvernement et à son tour soulève une exception d'incompétence personnelle, la mesure prise par le Gouvernement étant une mesure administrative ;

M^e B. Adda, avocat, pour les quatrième, cinquième, sixième, septième, huitième, neuvième et dixième défendeurs (Moudirs, Mr. Caillard, Aly Pacha Riza, Le Mesurier), s'associe à l'exception soulevée par le Gouvernement et soulève aussi une exception d'incompétence personnelle ;

Le Tribunal ayant joint l'incident au fond, M^r Figari, pour les demandeurs, persiste dans la demande ;

M^r Rocca Serra, pour le Gouvernement, verse des conclusions écrites et conclut à ce qu'il plaise au Tribunal ;

Débouter purement et simplement les requérants des-qualités de leur demande aux fins de leur acte introductif d'instance, en date du 1 Octobre, 1884 ;

Les condamner aux dépens tant judiciaires qu'extra-judiciaires ;

M^r Ceceoni, pour les deuxième et troisième défendeurs, verse aussi des conclusions écrites, par lesquelles il conclut :

Déclarer inexistante en l'état des dispositions légales en vigueur applicables par les Tribunaux Mixtes, la responsabilité des Ministres sur leurs biens personnels ;

En conséquence, débouter de ce chef de leur demande les Commissaires de la Dette Publique et les condamner aux dépens ;

M^r Adda B., pour les quatrième, cinquième, sixième, septième, huitième, neuvième et dixième défendeurs, verse aussi des conclusions écrites et conclut : Plaise au Tribunal se déclarer incompétent, subsidiairement dire que les Commissaires de la Dette Publique sont sans qualités pour poursuivre la présente action ;

En tous cas, les déclarer mal fondés et les débouter en les condamnant à tous les frais judiciaires, extra-judiciaires, et de défense ;

Le Tribunal renvoie à l'audience du 2 Décembre pour entendre les conclusions du Ministère Public ;

A l'audience du 2 Décembre, le Ministère Public est entendu en ses conclusions écrites.

Le Tribunal renvoie pour le prononcé du Jugement à l'audience de ce jour, 9 Décembre courant.

Point de Droit.

Le Tribunal, devait-il faire droit aux conclusions des demandeurs ou devait-il les rejeter ?

Devait-il, au contraire, admettre les conclusions des deuxième et troisième défendeurs ?

Devait-il admettre les conclusions des quatrième, cinquième, sixième, septième, huitième, neuvième, et dixième défendeurs.

Quid des dépens ?

Le Tribunal,

Après en avoir délibéré conformément à la loi jugeant en matière civile ;

Attendu qu'il est acquis au procès :

Que le 18 Septembre dernier son Excellence Nubar Pacha, Président du Conseil des Ministres, a remis à Mr. Money et Baron Vetsera, seuls Commissaires de la Dette Publique alors présents au Caire, une lettre signée le même jour par son Excellence Moustapha Pacha Fehmy, Ministre des Finances ;

Que par cette lettre le Ministre des Finances annonçait aux dits Commissaires qu'en vertu d'une décision du Conseil des Ministres, les Chefs des Administrations dont les revenus ont été affectés par la Loi de Liquidation au paiement de la Dette Consolidée, seraient invités à verser directement au Ministère des Finances les sommes qui rentrent en sus de l'annuité de la Dette Privilégiée et de l'intérêt de la Dette Unifiée, c'est-à-dire les sommes destinées au rachat de cette dernière dette ;

Que MM. Money et Baron de Vetsera ont protesté le lendemain même par lettre adressée à son Excellence Nubar Pacha, contre la mesure annoncée tout en déclarant réserver tous leurs droits ;

Que, cependant, sans s'arrêter à ces protestations et réserves, son Excellence le Ministre des Finances a donné suite à la mesure arrêtée ;

Qu'enfin, les Administrateurs Comptables ont, en exécution de ses ordres, effectué au Ministère des Finances les versements qui leur étaient demandés ;

Attendu que par les exploits introductifs d'instance, MM. Baravelli, Le Chevalier, et Baron de Vetsera agissant comme Commissaires-Directeurs de la Caisse de la Dette, au nom et dans l'intérêt des créanciers, représentent ces faits de la cause comme une violation flagrante des Articles 2 du Décret du 2 Mai, 1876, et 31 de la Loi de Liquidation du 17 Juillet, 1880 ; dispositions qui ont été formellement placées sous la sauvegarde des Tribunaux de la Réforme par les Articles 4 du Décret de 1876, et 38 de la Loi de Liquidation ;

Qu'ils prétendent que cette violation engagerait non seulement la responsabilité du Gouvernement Égyptien, mais encore la responsabilité personnelle des Ministres, des fonctionnaires comptables qui ont ordonné ou exécuté la mesure incriminée ;

Qu'ils demandent, en conséquence, que ces Ministres et ces fonctionnaires soient condamnés, conjointement et solidairement avec le Gouvernement Égyptien, à rembourser à la Caisse de la Dette Publique les sommes indûment perçues par le Trésor de l'État ; jusqu'à concurrence, en ce qui concerne les Administrateurs, des sommes dont ils sont comptables ;

Attendu que le Gouvernement soutient que la demande serait mal fondée en droit par la raison que la mesure incriminée lui aurait été commandée par une force majeure, c'est-à-dire par l'inéluctable devoir qui lui incombait de faire face avant toutes choses aux besoins de l'administration du pays ;

Qu'il a, d'autre part, soulevé préliminairement à la discussion du fond, une soi-disant fin de non recevoir, tirée de l'Article 11 du Règlement d'Organisation Judiciaire ;

Qu'il y a toutefois lieu d'observer que cette prétendue fin de non recevoir ne constitue en réalité qu'un déclinatoire de compétence ; à moins qu'on ait voulu déduire de la disposition invoquée une règle absolue d'irresponsabilité, auquel cas le Tribunal se trouverait en présence d'un moyen qui touche au fond ;

Qu'en effet le système du Gouvernement consiste à prétendre que la demande aurait pour objet de faire sortir les Tribunaux de la Réforme, pour un empiètement sur le domaine administratif des attributions propres au pouvoir judiciaire, telles qu'elles sont définies par l'Article 11 du Règlement d'Organisation Judiciaire ;

Attendu que son Excellence Nubar Pacha et Moustapha Fehmy ont, de leur côté, soulevé une exception d'incompétence tirée de l'Article 38 de la Loi de Liquidation, disposition qui attribue aux Commissaires de la Dette, représentants légaux des porteurs de titres, qualité pour poursuivre l'exécution des dispositions de la dite Loi devant les Tribunaux de la Réforme contre l'Administration Financière représentée par le Ministre des Finances ;

Attendu que le système du Gouvernement consiste à prétendre que la disposition précitée serait attributive de compétence ; qu'elle devrait être interprétée restrictivement, comme constituant une dérogation au droit commun ; que par suite les Tribunaux de la Réforme seraient incompétents pour connaître d'une action en responsabilité Ministérielle, en l'absence d'un texte formel ;

Attendu qu'au fond les Ministres ont conclu au déboutement des demandeurs, en se prévalant d'un ensemble de considérations difficiles à définir, mais qui semblent concerner la compétence plutôt que le fond, à moins que le système ne consiste encore une fois à requérir du pouvoir judiciaire la déclaration *ex cathedra* d'un principe absolu d'irresponsabilité ;

Attendu que les Administrations Comptables se sont associées aux conclusions d'incompétence développées au nom du Gouvernement et des Ministres ;

Qu'au fond ils ont invoqué, pour déclinier toute responsabilité personnelle les devoirs d'obéissance hiérarchique qui leur incombent ;

Attendu enfin que toutes les parties ont opposé à la demande en se prévalant de l'abstention de l'un des Commissaires de la Dette, une fin de non recevoir pour défaut de qualité ;

Sur l'exception d'incompétence (A) en ce qui concerne le Gouvernement.

Attendu que les Articles 9 et 10 du Règlement Organique des Tribunaux de la Réforme déclarent le Gouvernement Égyptien justiciable de ces Tribunaux, dans ses rapports avec les étrangers, pour toutes contestations en matière civile ou commerciale ;

Que, de plus, l'Article 11 confère expressément aux dits Tribunaux "le pouvoir de juger dans les cas prévus par le Code Civil, les atteintes portées à un droit acquis d'un étranger par un acte d'administration ;"

Attendu que cette dernière disposition ne constitue pas une atténuation de principe général de compétence, proclamé dans les dispositions immédiatement précédentes, mais plutôt une définition des prérogatives naturelles du pouvoir judiciaire considéré dans ses rapports avec le pouvoir administratif ;

Qu'il en ressort que l'État est assujéti à la juridiction des Tribunaux non seulement pour tous les actes de sa vie civile, mais encore pour toute atteinte à des droits acquis que l'un ou l'autre de ses organes pourrait commettre dans l'exercice de son pouvoir administratif ;

Attendu que cette règle législative n'est que la consécration d'un principe admis par la doctrine ;

Que c'est ainsi qu'on a enseigné, en se plaçant au point de vue de la théorie pure, que l'État est responsable (et par suite assujéti à la juridiction des Tribunaux en l'absence d'une immunité formellement consacrée par la loi), dès qu'il y a lésion d'un

droit individuel; sans qu'il y ait lieu de distinguer entre l'État, propriétaire ou personne civile, et l'État, pouvoir politique (Laurent, "Principes du Droit Civil," tome XX, Nos. 419, 420, 421, et 426);

Que la raison indique en effet que, si l'intérêt privé doit fléchir devant l'intérêt général, l'intérêt de la société doit toujours céder devant le droit de l'individu, "car il n'y a pas d'intérêt social plus grand, plus sacré que le respect du droit" (Laurent, *loc. cit.*, No. 421.

Attendu que vainement le Gouvernement Égyptien se prévaut d'une réserve formulée comme suit dans le texte en litige: "sans pouvoir statuer sur la propriété du domaine public, ni interpréter ou arrêter l'exécution d'une mesure administrative;"

Qu'il ressort seulement de cette réserve que le pouvoir judiciaire doit s'abstenir d'apprécier les actes administratifs au point de vue de leur opportunité ou de leur valeur intrinsèque, comme aussi d'entraver par voie de disposition générale la force obligatoire de l'acte administratif, pour s'en tenir strictement dans les limites de ses attributions naturelles, qui consistent à rechercher dans chaque espèce, si la mesure dont on se plaint constitue, selon les règles de la loi civile, "une atteinte portée à un droit acquis," ou si elle ne constitue que la lésion d'un intérêt privé;

Attendu que c'est bien gratuitement que le Gouvernement Égyptien prétend restreindre la compétence des Tribunaux de la Réforme à la connaissance de l'action en responsabilité civile proprement dite;

Que la distinction proposée par le Gouvernement—qui déjà n'est étayée d'aucune considération rationnelle—est en contradiction avec les termes comme avec l'esprit de la loi—avec ses termes; car elle parle des atteintes portées à un droit acquis dans les cas prévus par le Code Civil sans faire aucune distinction quant à la source du droit lésé—avec son esprit; car la pensée du législateur est manifestement d'assujettir le Gouvernement à la juridiction des Tribunaux Mixtes pour tout ce qui concerne son domaine privé ou ses obligations de droit civil, qu'il s'agisse d'obligations nées d'un contrat ou d'un quasi-contrat, d'un délit ou d'un quasi-délit (Articles 9, 10, et 11 du Règlement d'Organisation Judiciaire);

Attendu que le système du Gouvernement préjuge le fond tant en méconnaissant la portée réelle de la demande; car d'une part il est superflu au point de vue de la compétence (ce qui vient d'être démontré) de rechercher quelle est la source du droit qui aurait été lésé dans l'espèce, et d'autre part la partie demanderesse ne s'est point placée exclusivement en ce qui concerne le Gouvernement, au point de vue des principes qui régissent la matière de la responsabilité civile;

Attendu au surplus que la question de compétence est tranchée pour le cas de l'espèce, au moins en ce qui concerne le Gouvernement, par un texte spécial; l'Article 38 de la Loi de Liquidation, puisque cette disposition confère aux Commissaires de la Dette, représentants légaux des porteurs de titres qualifiés pour poursuivre l'exécution des dispositions de la loi, devant les Tribunaux de la Réforme contre l'Administration Financière, représentée par le Ministre des Finances;

En ce qui concerne les Ministres et les Administrateurs Comptables;

Attendu que c'est à tort qu'ils prétendent argument de l'Article 38 de la Loi de Liquidation pour en conclure par un argument *a contrario* à l'incompétence du Tribunal;

Que cette argumentation ne constitue qu'une pétition de principes, puisqu'elle suppose, comme point de départ que la demande en responsabilité civile ne serait pas du ressort des Tribunaux de la Réforme selon le droit commun, ce qui est précisément l'objet du débat;

Attendu qu'en la matière, le droit commun résulte du Règlement d'Organisation Judiciaire, loi constitutionnelle des Tribunaux de la Réforme, et en particulier des dispositions de cette Loi, qui ont eu pour objet spécial de définir la compétence de ces Tribunaux (Titre I, Chapitre I, paragraphe 2);

Que l'Article 38 de la Loi de Liquidation ne constitue ni une extension, ni une atténuation du droit commun, mais une simple application de ce droit; au cas spécial de la liquidation de la Dette Égyptienne;

Que cela résulte: (1) et du but particulier que le législateur s'est proposé en édictant la Loi dite de Liquidation; (2) et de la texture même de l'Article 38 de cette Loi, lequel a pour objet spécial non de créer ni même de consacrer un principe de compétence, mais de régler l'exercice des actions à intenter au nom et dans l'intérêt des créanciers; et (3) tout particulièrement, des termes mêmes du Décret du 2 Mai, 1876 (Article 4), qui tout en énonçant la règle reproduite dans l'Article 38 de la Loi

de Liquidation, ajoute que les actions que les Directeurs de la Caisse croiraient avoir à exercer contre l'Administration Financière seront portées devant les Tribunaux institués en Égypte suivant l'accord établi avec les Puissances dans les termes de leur juridiction;

Qu'il va de soi que la suppression de ces derniers mots dans l'Article 38 de la Loi de Liquidation ne pourrait être rationnellement interprétée comme une dérogation aux règles d'incompétence établies par le Règlement d'Organisation Judiciaire, mais bien plutôt comme une extension de compétence;

Attendu qu'il résulte de ce qui précède que l'Article 38 de la Loi de Liquidation ne peut être interprété restrictivement, mais qu'il doit, au contraire, être combiné avec les dispositions du Règlement d'Organisation Judiciaire, qui ont pour objet de définir la compétence des Tribunaux de la Réforme;

Attendu qu'il a déjà été démontré que, selon le droit commun, les Tribunaux de la Réforme sont seuls compétents pour connaître dans les causes mixtes, de toutes contestations relatives à des droits civils, quelle que soit la source du droit lésé;

Qu'il suffit donc, pour établir leur compétence, en ce qui concerne le litige actuel, de constater qu'aucune dérogation à cette règle générale n'a été consacrée au profit des Ministres ou des fonctionnaires publics ni par la Loi de Liquidation ni par aucune autre loi;

Qu'il serait d'ailleurs étrange que les Ministres et les fonctionnaires publics jouiraient d'une immunité de juridiction, qui n'appartient pas au Gouvernement lui-même;

Attendu que c'est bien à tort que les Ministres et le Gouvernement ont conjointement invoqué à l'appui de leur thèse un Arrêt rendu le 23 Avril, 1880, dans une cause introduite contre le Gouvernement par les frères Sursock;

Qu'il s'agissait en effet, dans cette espèce, d'apprécier la force obligatoire d'un Décret émané du Souverain, tandis qu'en la cause actuelle il ne s'agit que d'apprécier la légalité d'un acte administratif, que les demandeurs représentent comme une violation flagrante d'un Décret de Son Altesse le Khédive, Décret rendu sur la proposition des Commissaires désignés par les Gouvernements d'Allemagne, d'Autriche-Hongrie, de France, de Grande-Bretagne, et d'Italie (voir préambule de la Loi de Liquidation);

Qu'il importe d'autre part d'observer que l'Arrêt invoqué est antérieur à la Loi de Liquidation et que la Cour n'a déclaré son incompétence que pour ce motif qu'aucun texte des Capitulations ou des Traités Internationaux n'avait (alors) limité l'exercice du pouvoir souverain pour ce qui touche le régime de la Dette Publique;—et au surplus, la Cour a reconnu dans cette circonstance, qu'en vertu de l'Article 11 du Règlement d'Organisation Judiciaire, les Tribunaux de la Réforme étaient compétents pour connaître de "toute lésion d'un droit privé spécifié dans les Codes ou dans les Traités Internationaux qui auraient explicitement limité en faveur des étrangers l'exercice du Pouvoir Souverain;

Sur la fin de non recevoir pour défaut de qualité;

Attendu que les parties défenderesses fondent leur fin de non recevoir sur les dispositions légales qui confèrent dans l'espèce aux Commissaires de la Dette, l'exercice des actions à intenter au nom et dans l'intérêt des créanciers (Décret du 2 Mai, 1876, Article 4; Loi de Liquidation, Article 38); ainsi que sur l'Article 8 du Décret de 1876 aux termes duquel "le Gouvernement" ne pourra, sans l'avis conforme des Commissaires pris à la majorité, porter dans aucun des impôts spécialement affectés à la Dette les modifications qui pourraient avoir pour résultat une diminution de la rente de cet impôt;

Attendu que l'on pourrait tout au plus déduire des dispositions invoquées que l'avis conforme de la majorité des Commissaires est nécessaire, selon l'esprit de la loi, pour le valable exercice des actions à intenter au nom des créanciers; mais qu'on ne peut en déduire cette conséquence absurde que l'unanimité serait nécessaire dans tous les cas sauf celui particulièrement important d'une modification à introduire dans les impôts, qui aurait pour conséquence d'opérer une diminution de la rente affectée à la sûreté de la Dette;

Que cette argumentation dite *a contrario* méconnaît manifestement, non seulement l'esprit de la Loi de Liquidation, mais encore le droit commun;

Qu'il est en effet de règle, en thèse générale, que chaque mandataire peut faire séparément tous les actes inhérents à une commune Administration, lorsque le mandat n'a pas spécialisé des fonctions ou n'a pas expressément stipulé que l'un ne pourrait agir sans l'autre (Code Français, Article 1857; arg.).

Au fond :

(a.) En ce qui concerne le Gouvernement :—

Attendu que la Caisse de la Dette Publique a été instituée, aux termes de l'Article 30 de la Loi de Liquidation, pour recevoir les fonds destinés au service des intérêts et de l'amortissement de la Dette Privilégiée et de la Dette Unifiée, et pour faire l'emploi de ces fonds conformément aux dispositions de la dite Loi;

Qu'il a même été formellement stipulé que la Caisse de la Dette est à cet égard substitué au Trésor Public (Décret du 16 Mai, 1876; Articles 2 et 39 de la Loi de Liquidation);

Que dès lors, et pour le seul fait de la réception indue, le Trésor Public représenté par le Ministre des Finances est obligé de restituer les capitaux indûment reçus, ainsi que les intérêts depuis le jour de l'encaissement, puisqu'il est constant que c'est sciemment et non par erreur que l'Administration Financière a reçu les dits capitaux (Code Égyptien, Articles 206 et 207; Code Financier, Articles 1376 et 1378);

Qu'il n'y a pas lieu de s'arrêter à l'examen des considérations d'ordre politique que le Gouvernement Égyptien invoque comme justification de l'acte incriminé, car en admettant que ces considérations puissent avoir quelque valeur en ce qui concerne la responsabilité personnelle des Ministres qui ont pris l'initiative de l'acte ou qui ont procédé à son exécution, il n'en resterait pas moins acquis au procès que le Trésor Public reçut indûment des capitaux qui appartiennent aux créanciers de la Dette Consolidée, et qui, d'après la Loi de Liquidation, devraient être versés dans la Caisse de la Dette;

Qu'à la vérité ce sont les contribuables du pays qui sont les premiers intéressés au fonctionnement régulier de l'amortissement de la Dette Unifiée, celle-ci s'opérant par rachat; mais les créanciers n'en ont pas moins un intérêt né et actuel à se prévaloir des dispositions de la Loi de Liquidation qui concernent l'amortissement; car il est certain que la suppression de l'amortissement constitue à leur égard une diminution des garanties qui ont été placées sous la tutelle de la Commission de la Dette;

Que si la suspension de l'amortissement est commandée par des nécessités financières, il appartient au Pouvoir Souverain, mais à lui seul et non pas à de simples agents exécutifs, d'apporter à la Loi de Liquidation les modifications commandées par les circonstances.

(b.) En ce qui concerne les Ministres et les Administrateurs Comptables :—

Attendu que la partie demanderesse caractérise sa demande comme une action *in solidum* contre des dépositaires qui se seraient indûment dessaisis de leurs fonds, contre deux Ministres qui les auraient indûment pris et contre le Trésor Public qui les a indûment reçus; qu'elle va jusqu'à qualifier le fait incriminé de détournement commis à son préjudice;

Attendu que cette manière de présenter le litige constitue une méconnaissance manifeste des principes du droit; qu'on peut même dire qu'elle est en contradiction flagrante avec le vulgaire réalité des choses;

Qu'en effet, les Administrateurs Comptables ne peuvent être considérés, dans leurs rapports avec la Commission de la Dette, ni comme des dépositaires, ni comme des mandataires;—le mandat public, dont ils sont investis, ils le tiennent, non de la Commission de la Dette, mais du Gouvernement Égyptien;—les deniers qu'ils ont encaissés en vertu de ce mandat, ils les ont reçus non de la Commission de la Dette, mais des contribuables;—et ces deniers ils les ont reçus pour le compte du Trésor Public, créanciers directs des contribuables;

Et quant aux Ministres, il est téméraire de venir présenter comme un détournement une mesure d'administration financière délibérée de bonne foi par les agents d'un pouvoir exécutif, qui se trouvait aux prises avec d'incontestables difficultés, et qui, s'ils avaient le devoir de ménager les droits stricts des créanciers, avaient aussi à se préoccuper des devoirs qui leur incombaient à l'égard du pays soumis à leur tutelle, que si cette mesure a consisté comme dans l'espèce à affecter des deniers publics à une destination différente de celle qui leur était assignée par la Loi, le fait peut bien constituer un dol civil ou un quasi-délit; mais il ne peut, pas plus en droit qu'en équité, être qualifié détournement;

Attendu que la question du procès est donc de savoir si la partie demanderesse justifie d'une action en responsabilité civile, fondée sur un quasi-délit;

Attendu qu'en dehors de tout engagement contractuel la responsabilité civile implique (1) un préjudice né et actuel; (2) résultant d'un fait illicite; (3) qui doit être imputable à la partie poursuivie;

Attendu qu'il y a lieu de reconnaître à l'appui de la thèse soutenue par la partie

demanderesse que la responsabilité civile existe pleine et entière dès que les trois conditions précitées se trouvent réunies;

Qu'il est de doctrine que le principe est général et absolu toute personne et tout fait y étant soumis (Laurent, *loc. cit.* XX, No. 165) et que notamment il s'applique, en l'absence d'une dérogation formelle au droit commun, aux Ministres et aux fonctionnaires publics (Laurent, *loc. cit.* XX, No. 501), et spécialement aux comptables publics, non seulement dans leurs rapports avec l'Administration dont ils relèvent, mais encore dans leurs rapports avec les particuliers lésés (Daloz, "Recueil, Procès-verbaux," Responsabilité, No. 297);

Attendu que l'application de ces principes au cas de l'espèce est cependant discutable, selon le point de vue adopté par la partie demanderesse, par la raison qu'il s'agit non d'un fait dommageable, né en dehors de tout engagement, mais d'une méconnaissance des obligations qui ont été mises par la Loi de Liquidation à la charge de l'État Égyptien;

Que la question de responsabilité, qui s'agit dans ce débat, doit être appréciée au point de vue des règles consacrées par la Loi de Liquidation, expression des engagements contractés par l'État vis-à-vis des créanciers de la Dette Consolidée;

Attendu qu'il résulte des Articles 21 et 29 de la Loi de Liquidation, combinés avec l'Article 2 du Décret du 2 Mai, 1876, que le législateur a constitué les Administrateurs Comptables dans l'obligation "de faire le versement des revenus affectés au service de la Dette Privilégiée et de la Dette Unifiée, pour le compte du Trésor, à la Caisse Spéciale de la Dette Publique, qui sera considérée à cet égard comme une Caisse Spéciale du Trésor;"

Que le législateur a stipulé d'autre part que les fonctionnaires comptables ne seront verbalement déchargés ou libérés que par les quittances qui leur seront délivrées par la Commission de la Dette et que tout autre ordre ou quittance sera sans effet;

Attendu que ces dispositions légales ont créé à la charge de l'Administration Financière et de ses comptables et au profit des créanciers de la Dette Consolidée une véritable délégation de paiement;

Qu'il en ressort que l'État Égyptien, débiteur des revenus affectés au service de la dette, a chargé son propre débiteur (les comptables) de s'obliger envers les porteurs de titres, créanciers délégataires;

Or, en droit, l'effet propre de toute délégation de paiement est de créer à la charge du débiteur déléguant et du débiteur délégué une obligation indivisible, dont l'exécution peut être poursuivie pour le tout par le créancier délégataire contre chacun des débiteurs (Laurent, "Principe de Droit Civil," Tome XVIII, No. 321);

Attendu que la demande est donc bien fondée en ce qui concerne les fonctionnaires comptables, comme en ce qui concerne le Gouvernement Égyptien;

Attendu qu'elle est également bien fondée en ce qui concerne personnellement Moustapha Pacha Fehmy;

Qu'en effet, ce Ministre, en donnant à des fonctionnaires soumis à son autorité hiérarchique l'ordre de méconnaître un devoir personnel que la loi leur imposait, s'est obligé par ce fait même à réparer le dommage qu'il leur a causé; et il appartient d'autre part à la Commission de la Dette, en vertu de l'Article 202 du Code Civil, d'exercer au nom des dits fonctionnaires l'action *quasi ex delicto* qui leur compete à l'égard de l'auteur du quasi délit;

Attendu que le fait constitutif du quasi délit, justifié dans l'espèce, est le fait personnel de Moustapha Pacha Fehmy; qu'il ne peut donc, selon la rigueur des principes, engager la responsabilité de Nubar Pacha;

Attendu quant à la demande en exécution provisoire qu'elle est mal fondée, l'espèce ne rentrant dans aucun de ces cas prévus par l'Article 119 du Code de Procédure.

Par ces motifs :

Le Tribunal se déclare compétent;

Rejette les fins de non recevoir opposés à la demande et statuant au fond déclare la demande bien fondée tant à l'égard des parties assignées en leur nom personnel, à l'exception de Nubar Pacha, qu'en ce qui concerne l'État représenté par le Ministère des Finances;

En conséquence, met Nubar Pacha hors de cause sans frais;

Condanne Moustapha Pacha Fehmy en son nom personnel conjointement et solidairement avec le Gouvernement Égyptien à rembourser à la Caisse de la Dette Publique la somme de P. E. 52,364,876 2 p. au tarif;

H

Condamne les autres parties conjointement et solidairement avec le Gouvernement Égyptien à rembourser à la dite Caisse les sommes par eux indûment versées au Trésor Public, savoir :—

Moustapha Pacha Soubhi, Moudir de Garbich, la somme de P. T. 10,544,154 32 p. au tarif;

Ahmed Bey Choukry, Moudir de Menoufieh, la somme de P. T. 5,201,155 32 p. au tarif;

Mehrez Bey, Moudir de Béhéra, la somme de P. T. 4,741,000 au tarif;

Mohamed Pacha Zaki, Moudir de Siout, la somme de P. T. 2,550,000 au tarif;

A. Caillard, Directeur des Douanes, la somme de P. T. 9,531,257 15 p. au tarif;

Le Mesurier et Aly Pacha Riza, conjointement, la somme de P. T. 19,724,308 13 p. au tarif;

Condamne, en outre, chacune des parties à payer les intérêts moratoires des susdites sommes à 7 pour cent l'an, depuis la date des versements indûment effectués à la Caisse du Ministère des Finances, jusqu'au remboursement, ainsi qu'aux dépens.

Dit n'y avoir lieu à exécution provisoire.

Ainsi prononcé à l'audience publique du Tribunal Mixte de Première Instance du Caire, siégeant en matière civile le Mardi, 9 Décembre, 1884, à laquelle étaient présents : MM. Vercamer, Président; Prunières, Balas, Said Bey Nasr et Izzet Bey, Juges; Mohamed Afifi, Substitut du Procureur-Général, et Lançon, Greffier.

M. le Juge Law, ayant assisté aux plaidoiries et à la délibération de la présente affaire a, conformément à l'Article 100 du Code de Procédure Civile et Commerciale, signé la présente Minute.

Le Président,
(Signé) VERCAMER.

Le Greffier,
(Signé) LANÇON.

No. 18.

Sir E. Baring to Earl Granville.—(Received January 6, 1885.)

(No. 1190.)

My Lord,

Cairo, December 29, 1884.

I AM not aware of the precise stage at which the negotiations now being conducted from London have arrived, but I feel that I should not be doing my duty to Her Majesty's Government or doing justice to myself if I did not address to your Lordship some observations on the present financial situation.

I need dwell but very briefly on the history of the past.

Lord Northbrook's proposals were, in my opinion, but the natural result of the breakdown of the Conference. I think that it is very much to be regretted that they were not accepted by Her Majesty's Government. If they had been accepted they would, I believe, have solved the Egyptian question.

I never entertained any hope that the proposals made by Her Majesty's Government to the Powers would be accepted. They involved a request on the part of England and Egypt to obtain all the great advantages which would have accrued under Lord Northbrook's proposals, without making the only concession, namely, the maintenance of the present rate of interest on the debt, which would have rendered it probable that the Powers would accede to the request.

What I now most fear is that, in view of the great difficulties of the situation, some scheme will be worked out in London which, however well it may look on paper, will be found to break down directly an attempt is made to put it into execution in Egypt. I have, I confess, very little confidence in detailed schemes for the settlement of Egyptian financial affairs which are elaborated at a distance from Egypt.

I know from my own experience last summer how great is the temptation, when in the presence of Parliamentary and diplomatic difficulties such as those which have now arisen, to slur over unpleasant facts, to strain figures in an unduly optimistic sense, and to accept, as practicable, combinations and projects the possibility of executing which is at best doubtful.

Moreover, in dealing with Egyptian financial affairs, a number of complicated but important matters of detail arise, for the solution of which an intimate local knowledge of the present situation in Egypt is required.

The figures of the Egyptian revenue and expenditure have been thoroughly examined over and over again by several competent authorities. I have been through them myself very carefully several times, both recently and in past years. The revenue estimate is by far the most important and the most difficult to frame. The experience of past years affords the only sure basis on which to frame an estimate for the future; but so many abnormal circumstances have affected the receipts of the last few years in Egypt, that I do not think that any one can within 100,000l. or so frame an estimate of the revenue in which thorough confidence can be placed. I can only say as the result of my own experience, which now dates back a good many years, that from £ E. 8,750,000 to £ E. 9,000,000 is the figure at which I think the revenue should be taken.

If I were Finance Minister in Egypt I should consider that, with a revenue estimate of £ E. 8,750,000 it would be safe to leave but a small margin of revenue over expenditure. This estimate I should consider as quite safe. If the revenue be taken at £ E. 9,000,000 then I should consider that a margin of £ E. 200,000 should be provided for in the estimates. The details may indeed be changed by slight additions in one place and subtractions in another, but I am confident that an impartial examination of the figures will always lead to a result approximate to that which I have indicated above.

I am very strongly of opinion—

1. That a revenue estimate in excess of £ E. 9,000,000 (exclusive of the receipts from the Daira and Domains lands) would be altogether untrustworthy; and

2. That with a revenue estimate of £ E. 9,000,000 a margin of not less than £ E. 200,000 should be allowed.

The expenditure is as follows :—

	£ E.
Administration (Lord Northbrook's figures)	4,678,000
Debt—	
Preference Stock (after deducting sinking fund)	1,091,000
Unified Stock	2,184,000
Suez Canal	194,000
Moukabalah	150,000
Domains and Daira deficit (at least)	300,000
New loan of £ E. 8,000,000 at 3½ per cent	280,000
	4,199,000
Army of Occupation	160,000
Total of expenditure	9,937,000

It appears, therefore, after allowing for the suspension of the sinking fund of the Preference stock; after devoting to administrative expenditure the surplus of the assigned revenues, which under the Law of Liquidation ought to be applied to the redemption of Unified stock; and after employing English credit to raise a loan of £ E. 8,000,000, the expenditure is slightly in excess of £ E. 9,000,000.

Even if some slight changes were made which would result in bringing the expenditure down to £ E. 9,000,000, the Budget would only then be exactly in equilibrium, and, as I have already said, no confidence can be placed in the stability of any financial combination which, taking the revenue at £ E. 9,000,000, does not leave a considerable margin of revenue over expenditure.

In fact, however the figures may be manipulated, it will always be found that a sum of about £ E. 250,000 is required in order to arrive at a combination in the stability of which any reliance can be placed. As any increase of revenue from taxation is practically quite out of the question, this sum can only be provided by cutting down the expenditure under the head of Debt, any further reduction in the administrative expenditure being impossible.

It may be, indeed, that the necessities of the diplomatic and Parliamentary situation will oblige Her Majesty's Government to consent to some compromise, but it is my duty to state to your Lordship my deliberate conviction that no reliance can be placed in the stability of any arrangement which does not proceed on one of the two following principles, namely :—

1. The reduction of the interest, on a portion at least, of the Consolidated Debt; or

2. The employment of English credit to a greater extent than is proposed in the plan communicated by Her Majesty's Government to the Powers.

I say that these are the only alternatives, if a satisfactory and lasting arrangement is to be made, for I set aside the idea of making the British taxpayers bear the burthen of the Army of Occupation.

Of course, if the Egyptian Treasury were relieved of the whole of the expenses of the Army of Occupation, the conclusion of an arrangement would, from the diplomatic and international point of view, be comparatively easy.

I should wish to add a few observations on the subject of the position of the Commissioners of the Debt and cognate matters.

The unpopularity which the proposal to establish a "Multiple Control," as it was somewhat incorrectly termed, encountered in England, was, I think, a good deal due to a misapprehension of the functions of the old Controllers, and a further misapprehension of the duties which, under the arrangement agreed to between the French and English Governments, would have devolved on the Caisse.

Those duties were not nearly so important as was very generally supposed. I do not mean to say that some valid criticisms might not have been made on the arrangement which was then proposed. But I thought at the time, and I still think, that, in spite of the unpopularity which attended the proposal in England, the concessions made by Her Majesty's Government were not too great a price to pay for the consent of the Powers to a settlement which would have placed Egyptian finance on a satisfactory footing.

The situation is now to some extent changed. In the first place, I cannot say that the experience of the last few months affords an encouraging prospect for the working of any international institution. The French, Austrian, and Italian Commissioners of the Debt especially have shown, on more than one occasion, that, where the interests of the bondholders are concerned, they take the most narrow view of their duties. In the second place, if German and Russian Commissioners are to be appointed, the position of the English Commissioner, even though he were President, would be very greatly changed. I think it essential, in the interests of Egypt, that if the powers of the Caisse are extended the English Commissioner should not be placed in a position in which his opinions would generally be overruled. Experience has shown that when any question arises in which there is a conflict between the interests of the Egyptian people and those of Europeans, reliance can be placed, not only on the English Government to take an equitable view of the case, but also on the individual Englishman employed in the Egyptian Administration to approach the question at issue in a similar spirit. It is therefore important, in Egyptian interests, that the English Commissioner should not be placed at a disadvantage.

Lord Northbrook's proposal, under which the powers of the Caisse would have been restricted rather than increased, was, I venture to think, far preferable to that which was under discussion in London, and if the number of Commissioners be increased the arguments in favour of Lord Northbrook's proposal would be much strengthened.

I trust, therefore, that every endeavour will be made to obtain the acceptance of the Powers to Lord Northbrook's proposal.

Even more important than the restriction of the powers of the Caisse were Lord Northbrook's proposals to abolish the dual administration of the Railways, Domains, and Daira, as well as to obtain fiscal autonomy for Egypt. These measures would all prove most beneficial to the country, and it will be a matter for the greatest regret if they have to be abandoned.

I cannot conclude this despatch without again expressing an earnest hope that no great delay will occur in the settlement of the financial questions which are pending. When I returned to Egypt last September I found that public opinion here had undergone a considerable change. The attitude adopted by Her Majesty's Government at the Conference, and the manifest interest shown by England as compared with France, Germany, Austria, or Russia in the welfare of the Egyptian people, had produced a marked effect. The popularity of the English Government had, to a great extent, revived. Lord Northbrook's mission was welcomed as a sign that Her Majesty's Government had resolved to take Egyptian affairs seriously in hand. His Lordship's presence in Egypt produced an excellent effect.

Confidence was very generally inspired amongst all classes. His financial plan, so far as it was known to the public, was very generally recognized as a practicable and statesmanlike settlement of Egyptian affairs.

Now all this is, I regret to say, changed. The delay which has taken place in arriving at any settlement has exasperated public opinion, and shaken confidence in the English Government. I do not think that at any time since I have been connected with Egyptian affairs has England been so unpopular as at present.

Intrigues of all descriptions are rife. The suffering caused by the continued non-

payment of the indemnities is very great; trade is very slack; commercial transactions, so far as they are based on credit, are almost at a stand-still.

In a few months another financial crisis must inevitably occur, for the Egyptian Treasury will be again depleted. As to the law-suit brought by the Caisse against the Government, I have already expressed my views in a separate despatch addressed to your Lordship. I would, therefore, most earnestly insist on the extreme desirability which exists of Her Majesty's Government making such proposals to the Powers as will enable an end to be put to this calamitous condition of affairs.

If once the financial situation is settled on a satisfactory footing, everything will, I feel assured, go well, and the Egyptian question may be regarded as practically solved. I regard our main difficulties in respect to the internal administration of the country as practically over, and although the settlement of Soudan affairs presents great difficulties, there is a very fair prospect that they will be surmounted.

I trust your Lordship will pardon me if I have expressed myself too freely in this despatch. I feel so acutely the objections, I might almost say the dangers, of allowing the present situation to continue, that I should be failing in my duty if I did not submit my views without any reserve to the appreciation of Her Majesty's Government.

I have, &c.
(Signed) E. BARING.

No. 19.

Sir E. Baring to Earl Granville.—(Received January 6, 1885.)

(No. 1196.)

My Lord,

Cairo, December 31, 1884.

I HAVE the honour to inclose a copy of the Act in which the Egyptian Government gives notice of appeal against the Judgment recently delivered by the Court of First Instance of Cairo in the suit brought by the Commissioners of the Debt against the Government.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 19.

Notice of Appeal given by the Egyptian Government.

L'AN mil huit cent quatre-vingt-quatre, et le trente Décembre, au Caire.

A la requête de—

1. Son Excellence Moustapha Pacha Fehmy, Ministre des Finances, demeurant et domicilié au Caire, tant en son nom personnel qu'en celui du Gouvernement Égyptien;
2. Son Excellence Mehrez Bey, Moudir de la Province de Béhéra, tant en son nom personnel qu'en sa dite qualité, demeurant et domicilié à Damanhour;
3. Son Excellence Ahmed Bey Choucri, Moudir de la Province de Menoufieh, tant en son nom personnel qu'en sa dite qualité, demeurant et domicilié à Chibin El Kom;
4. Son Excellence Moustapha Pacha Soubhi, Moudir de la Province de Garbich, tant en son nom personnel qu'en sa dite qualité, demeurant et domicilié à Tantah;
5. Son Excellence Mohamed Pacha Zaki, Moudir de la Province d'Assiout, tant en son nom personnel qu'en sa dite qualité, demeurant et domicilié à Assiout;
6. Mr. Caillard, Directeur-Général des Douanes Égyptiennes, tant en sa dite qualité qu'en son nom personnel, demeurant et domicilié à Alexandrie;
7. Son Excellence Ali Pacha Riza, tant en sa qualité d'Administrateur des Chemins de Fer Égyptiens, des Télégraphes, et du Port d'Alexandrie, qu'en son nom personnel, demeurant et domicilié au Caire;
8. M. Le Mesurier, Président du Conseil d'Administration des Chemins de Fer Égyptiens, des Télégraphes, et du Port d'Alexandrie, tant en sa dite qualité qu'en son nom personnel, demeurant et domicilié au Caire;

Tous co-intéressés, faisant élection de domicile aux fins des présentes dans les Bureaux du Contentieux de l'État à Alexandrie, chez M. de Grys, Substitut.

Je, huissier, soussigné, exerçant près le Tribunal Mixte de Première Instance du Caire, ai signifié et déclaré à MM. P. Baravelli, Georges Le Chevalier, et Baron Vetsera, pris en leur qualité de Commissaires-Directeurs de la Caisse de la Dette Publique, dont les bureaux sont établis au Caire.

Que mes requérants sont appelants comme de fait ils interjetent par les présentes formellement appel du Jugement contradictoirement rendu entre les parties le Mardi, 9 Décembre, 1884, par le Tribunal de Première Instance du Caire, jugeant en matière civile, et ce pour les torts et griefs qui seront ci-après déduits.

De même suite, aux mêmes requête et domicile que dessus, je, huissier, soussigné, ai donné assignation aux susnommés Baravelli, Le Chevalier, et Baron Vetsera, es-qualités, à comparaître le Mercredi, 14 Janvier prochain, à 9 heures du matin, par devant la Cour d'Appel Mixte d'Alexandrie, siégeant au Palais de Justice à Alexandrie, pour :

Attendu qu'aux termes de l'Article 38 de la Loi de Liquidation les Commissaires de la Dette n'ont d'action que contre l'Administration Financière représentée par le Ministre des Finances pour l'exécution des dispositions concernant l'affectation des revenus et généralement toutes les obligations qui incombent au Gouvernement Égyptien en vertu de cette Loi, à l'égard du service des Dettes Privilégiée et Unifiée ;

Que c'est donc à tort et sans droit que les intimés ont actionné son Excellence le Ministre des Finances et tous les autres Comptables, en leur nom personnel ;

Que l'Article 31 ne donne aux dites intimés à l'égard des Comptables que le droit de les considérer comme non-libérés vis-à-vis du Gouvernement au cas où ils ne verseraient pas directement les revenus affectés à la Caisse de la Dette ;

Que les dispositions de cet Article viennent corroborer celles de l'Article 38, que l'on ne peut appliquer que d'une façon limitative contre l'Administration Financière représentée par le Ministre des Finances en cette qualité, sans qu'il soit possible de les étendre aux personnes et aux Administrations qui n'y sont pas désignées ;

Que vainement les premiers Juges ont-ils cru devoir retenir le Ministre des Finances, et tous les Comptables sous ses ordres, comme responsables envers la Caisse de la Dette Publique, en se fondant sur un prétendu quasi-délit ;

Que dans cet ordre d'idées il est utile de faire remarquer que la Loi de Liquidation n'investit les Commissaires de la Dette Publique d'aucun mandat pour poursuivre soit civilement, soit correctionnellement, les Comptables de deniers publics, contre lesquels l'action civile ou l'action criminelle ne peut être intentée que par le Gouvernement lui-même ;

Que la Loi de Liquidation, sainement appréciée dans son texte et dans son esprit, n'a jamais entendu amoindrir l'autorité du Gouvernement sur les différents fonctionnaires de l'ordre financier qui, au même titre que tous les autres fonctionnaires de l'État, doivent obéissance absolue à ses ordres sans se permettre d'en retarder l'exécution ou d'en discuter la légalité ;

Que la théorie professée par les premiers Juges est subversive de tout ordre régulier dans un État, et serait de nature, si elle était acceptée par la Cour, à jeter le désordre et l'anarchie dans l'Administration.

En ce qui concerne le Gouvernement,

Attendu qu'aux termes de l'Article 2 du Décret du 31 Mars, 1880, instituant une Commission de Liquidation et déterminant ses attributions, cette Commission, chargée de déterminer les ressources pouvant être mises à la disposition des créanciers des Dettes Consolidées et Non-Consolidées, "devait en premier lieu tenir compte de la nécessité de réserver au Gouvernement la libre disposition des sommes indispensables pour assurer la marche régulière des services publics ;"

Que la Loi de Liquidation n'a pas pu méconnaître l'économie du Décret dont elle amène, qu'elle n'a jamais eu pour objet de donner aux créanciers dans la distribution des revenus de l'État la priorité sur les services publics, qui doivent toujours avoir à leur disposition les ressources nécessaires à leur fonctionnement régulier ;

Qu'au surplus le Gouvernement, ainsi qu'il a été reconnu d'ailleurs par les premiers Juges, s'est trouvé aux prises avec des difficultés incontestables, et qu'il a dû, dans l'intérêt des services publics, et dans l'impossibilité d'y pourvoir autrement, suspendre provisoirement l'amortissement des Dettes Privilégiée et Unifiée ;

Qu'en agissant ainsi, il a obéi à des circonstances de force majeure qui sont de notoriété publique, et qui lui imposaient le devoir rigoureux auquel il ne pouvait se soustraire, de prendre la mesure qui a motivé l'instance introduite par les Commissaires de la Dette Publique ;

Par ces motifs,

Et tous autres à faire valoir en plaidant et à suppléer de fait, de droit, et d'équité, voir dire que le présent appel est recevable en la forme, et juste au fond, y faisant droit annuler le Jugement dans toutes ses parties, et décharger les appelants de toutes les condamnations contre eux prononcées en icelui.

Par nouveau jugé, et faisant ce que les premiers Juges auraient dû faire, voir déclarer l'action introduite par les Commissaires de la Dette, par exploit en date du 4 Octobre dernier irrecevable à l'égard de leurs Excellences Moustapha Pacha Fehmy, Mehrez Bey, Ahmed Bey Choueri, Moustapha Pacha Soubhy, Mohamed Pacha Zaki, Aly Pacha Riza ; MM. Le Mesurier et Caillard, tant personnellement que comme représentant les Administrations qu'ils dirigent, et mal fondée à l'égard du Gouvernement.

Partant, démettre les intimés de leurs fins, moyens, et conclusions, et les condamner en tous les frais et dépens judiciaires et extra-judiciaires de Première Instance et d'Appel.

Et afin que les susdits P. Baravelli, Le Chevalier, et Baron Vetsera, es-qualités n'en ignorent je leur ai à chacun d'eux, séparément, laissé copie des présentes au Caire, au domicile par eux élu, en l'étude de M. Figari, avocat en cette ville parlant à

Le coût est de

No. 20.

Viscount Lyons to Earl Granville.—(Received January 6.)

(No. 5.)

My Lord,

Paris, January 5, 1885.

I THINK it right to send you, as a specimen of the language which is used here about England, an article by M. Francis Charnes on the British proposals respecting Egyptian finance, which has appeared in the "Journal des Débats" this morning.

It professes to advocate an understanding between France and England, and throws all the blame of the lack of such an alliance upon England.

It attributes to M. Jules Ferry's language in the Chambers exaggerated declarations of good-will to England, and of desire to be on good terms with her.

"Comment," it asks, "a-t-il été récompensé ? On le sait. Le Cabinet de Saint James lui a présenté des propositions nouvelles, pires que celles dont la Conférence n'avait pas voulu."

The article also points out the advantage which has, according to it, been taken by Prince Bismarck in his proceedings with regard to England, of her isolation from France.

I have, &c.
(Signed) LYONS.

Inclosure in No. 20.

Extract from the "Journal des Débats" of January 5, 1885.

MR. GLADSTONE est indisposé ; nous espérons, pour l'Angleterre, qu'il sera bientôt remis de son indisposition, car il serait opportun que le Cabinet de Saint-James prit des résolutions nouvelles au sujet des affaires d'Égypte. On nous dira peut-être que nous n'avons pas à nous occuper de l'intérêt de l'Angleterre dans la question, et qu'il nous suffit d'envisager le nôtre. S'il en était ainsi, nous devrions souhaiter la continuation d'un *statu quo* qui nous est tout à fait favorable. Qu'avons-nous à perdre à ce qui se passe en Égypte ? L'Administration Britannique montre tous les jours davantage sa parfaite incapacité dans un pays dont elle ne connaît ni l'esprit qu'elle heurte, ni les mœurs qu'elle froisse, ni les ressources qu'elle gaspille. Le temps, en Égypte, est notre principal collaborateur ; il agit pour nous, sans que nous nous donnions aucune peine, et sans que nous endossions aucune responsabilité. Il suffit de laisser aller les choses comme elles vont pour qu'elles tournent à notre profit. Notre conviction sur ce point est si profonde, que nous n'avons pas hésité à blâmer notre Gouvernement lorsqu'il s'est rendu, il y a quelques mois, à la Conférence de Londres. Nous connaissions l'arrangement préalable qu'il avait fait avec le Gouvernement Anglais, et qui était tout à l'avantage de ce dernier. Quel besoin avions-nous de faciliter, par

le sacrifice de tous nos droits, la tâche que l'Angleterre entendait accomplir toute seule, et qui lui cause tant de difficultés? Il fallait attendre! Nous l'avons dit dès le premier jour, et nous avons été heureux que la Conférence ait été de cet avis. Lorsque Lord Granville, avec une impatience, une brusquerie, une violence auxquelles son caractère ne nous avait pas habitués, a presque renversé la table de la Conférence, personne n'en a pris son parti plus facilement que nous. Les choses restaient en l'état; que pouvions-nous désirer de mieux? Le "Times" affecte de se féliciter de ce dénouement, qui n'en est pas tout à fait un. Nous l'avons échappé belle! dit-il. Tout le monde, en Angleterre, désapprouvait l'arrangement préliminaire conclu avec la France! C'est précisément l'impression que nous éprouvions de notre côté. Nous avions aussi le sentiment d'échapper à un véritable danger. L'opinion sur ce point était unanime, chez nous plus encore que chez nos voisins. Grâce au ciel et à la mauvaise humeur de Lord Granville, nous avons conservé nos positions; nous n'avons pas cessé de les occuper.

On comprend dès lors que cette Conférence de Londres, qui nous avait inspiré tant d'inquiétude à l'origine, ne nous ait pas laissé de trop mauvais souvenirs. Elle a échoué. Le but que poursuivait l'Angleterre a été manqué. Si nous voulions préciser les conséquences qui en ont été le résultat, nous le ferions en un mot: l'Angleterre s'est trouvée et elle est restée, depuis, isolée, tandis que toute l'Europe s'est trouvée et qu'elle est restée avec nous. Toute l'Europe, est-ce trop dire? Nous ferons, si l'on veut, une demi-exception pour l'Italie. L'Italie n'a pris décidément parti pour personne. Elle cherche sa voie. Son entente avec l'Allemagne ne lui a pas rapporté tous les avantages qu'elle avait cru pouvoir escompter, et la voilà qui se retourne vers l'Angleterre. Trouvera-t-elle, de ce côté, plus de satisfactions? Rien n'est plus douteux. L'Angleterre n'est pas moins égoïste que l'Allemagne. Elle n'abandonne pas, elle ne brise pas moins volontiers les instruments dont elle s'est servi, après en avoir usé et abusé. L'Italie, jeune, impatiente, parfois agitée, un peu déréglée dans ses mouvements, se regarde, un jour, comme une Puissance Continentale et, le lendemain, comme une Puissance Maritime; mais elle est continentale avant tout, et, lorsqu'elle l'oublie, elle s'expose presque immédiatement aux désagréments les plus sérieux. Nous ne cessons pas d'espérer que, après avoir essayé de toutes les alliances de fantaisie et en avoir compris la vanité et la duperie, elle finira par se rendre compte que, dans le présent comme dans le passé, c'est encore auprès de la France qu'elle doit trouver les sympathies les plus désintéressées et l'appui le plus utile. Elle fait une école; souhaitons qu'elle en profite.

Mais revenons à la Conférence de Londres. Lorsqu'elle s'est dissoute, quelle a été la situation Européenne? On a vu, d'une part, l'Angleterre seule; de l'autre, toute l'Europe unie dans une même conception des affaires Égyptiennes, dans une même résolution de les traiter en commun. Ce n'est pas sans quelque ironie que nous lisons les journaux Anglais lorsqu'ils parlent de l'isolement de la France; ils signalent la paille qui est dans notre œil, mais ils ne voient pas la poutre qui crève le leur. La presse Anglaise est vraiment bizarre à étudier! Tantôt elle nous parle d'union, de concorde, d'action combinée, et elle nous rappelle des précédents qui n'ont pas été moins fructueux pour nous que pour son pays; tantôt elle nous attaque et nous pourchasse avec la dernière véhémence. Quel est son dessein? Serait-ce de nous faire comprendre l'intérêt que nous aurions à marcher d'accord? Elle prêcho à des convertis. Nous avons toujours été partisans de l'entente avec l'Angleterre. Mais il va sans dire que l'entente ne va pas sans conditions, et, ces conditions, l'Angleterre s'y refuse. Elle nous demande de nous livrer à elle purement et simplement. Pouvons-nous accepter? Si nous n'acceptons pas, elle nous menace. De quoi? Certes, il y a des inconvénients pour nous à nous séparer de l'Angleterre; mais n'y en a-t-il pas pour elle à se séparer de nous? L'avenir reste inconnu; personne ne sait ce qu'il recèle; ce qui est certain, c'est que, pour le présent, la scission tourne tout entière au détriment de l'Empire Britannique. Nous ne disons pas que nous n'ayons rien perdu, et que nous ne soyons menacés de rien perdre à la séparation qui paraît s'être produite; mais l'Angleterre a perdu bien davantage. Comment n'a-t-elle pas compris que c'était son entente avec nous qui retenait, jusqu'ici, les prétentions coloniales de l'Allemagne? Il a suffi d'ébranler cette entente pour que l'Allemagne se lançât dans une voie nouvelle où elle devait trouver pour adversaire ou pour rivale, qui? La France? C'est possible; mais, avant la France, l'Angleterre elle-même! Et l'Angleterre l'a bien senti; elle le sent tous les jours avec plus d'intensité. Elle a voulu d'abord faire, comme on dit, bonne figure à mauvais jeu. Elle s'est inclinée, sans murmurer, devant certains faits qui, dans d'autres temps, auraient produit chez elle une révolte générale; mais les faits de ce genre se sont multipliés, étendus, reproduits

dans tout l'univers; et l'Angleterre, qu'elle consente ou non à le reconnaître, est aujourd'hui la victime de son isolement d'avec la France; car, lorsqu'elle est isolée de la France, elle l'est du monde entier.

Voilà la vérité! On peut s'obstiner à y fermer les yeux; on ne la supprime point pour cela. Si nous faisons nous-mêmes quelques sacrifices à la bonne entente avec l'Allemagne, nous en sommes un peu consolés par les sacrifices autrement considérables que fait l'Angleterre pour ne pas surexciter contre elle la mauvaise humeur de la plus grande Puissance Continentale. L'Angleterre est blessée dans les cinq parties du monde, et elle cache plus ou moins ses blessures; elle les dissimule tristement sans oser récriminer. Il y a, sans doute, en France des gens qui sont tout disposés à s'en réjouir. Nous ne sommes pas du nombre, nous, qui avons toujours été les amis de l'Angleterre, et qui nous sommes exposés, en manifestant nos sentiments, aux plus ardentes, parfois aux plus injurieuses accusations. Nous avons cru que l'entente entre les deux Grandes Puissances Libérales de l'Occident constituait une force d'influence extrêmement précieuse, et qu'il fallait la ménager avec un soin presque jaloux. Nous consentions à y faire des concessions, même sérieuses, pourvu qu'on ne nous demandât pas de les faire toutes. Nous y risquions, s'il le fallait, un peu de cette vaine popularité du jour, que nous savons sacrifier aux intérêts profonds et durables de notre pays. Était-il téméraire d'espérer que l'Angleterre aurait l'intelligence de notre situation, et de la sienne propre? L'entente entre les deux Gouvernements, entre les deux nations a été, pendant plus de cinquante ans, le pivot principal de la politique Européenne: allait-on briser ce pivot? Oh! certes, on comprend que l'Angleterre ne tienne pas très grand compte de l'hostilité, chez nous, de certains partis, de certains éléments de l'opinion, qui lui ont toujours été contraires. Mais n'aurait-elle pas dû y regarder à deux fois, y regarder très longtemps, avant de tourner contre elle la fraction de l'opinion Française qui n'est peut-être pas la moins éclairée, et qui lui a été, même au milieu des orages, le plus obstinément fidèle? C'est pourtant à ce résultat qu'elle menace d'arriver!

Considère-t-elle la France comme une quantité négligeable? Alors, à qui s'allier? A la Russie? Tous ses intérêts, en Orient, sont contraires à ceux de la Russie. A l'Allemagne? A l'Autriche? Oui, l'Angleterre a cru à l'alliance Allemande; mais, si elle n'est pas guérie de son illusion, nous ne savons pas ce qu'il lui faut pour cela. A l'Italie? Nous respectons l'Italie, et, malgré tout, nous conservons pour elle la sympathie qui résulte de tant d'épreuves communes; seulement, l'Italie est mobile et n'a pas encore trouvé son assiette définitive. L'Angleterre aurait tort de s'y trop confier. La France seule pouvait être, utilement et sûrement, son amie. Mais, nous le répétons, l'Angleterre a pris plaisir à blesser, chez nous, l'opinion qui lui était le plus favorable. Et, sans parler de l'opinion, voyons le Gouvernement. Il est présidé aujourd'hui par M. Jules Ferry. L'Angleterre a-t-elle à se plaindre de ce Ministre? Nul n'est plus pénétré que M. Jules Ferry de l'utilité de l'entente avec l'Angleterre. Nous ne sommes pas toujours d'accord avec M. le Ministre des Affaires Étrangères; toutefois, en ce qui concerne nos rapports avec l'Angleterre, si nous avons jamais eu un reproche à lui adresser, ce n'est pas celui de les avoir traités trop légèrement. Loin de là! M. Jules Ferry a prononcé à la tribune des mots que nous osons à peine reproduire, tant ils nous ont paru excessifs? Il faut, a-t-il dit, s'entendre avec l'Angleterre "à tout prix." Nous avons très volontiers oublié l'exagération de ces paroles à cause du sentiment qui les inspirait, de l'intelligence politique qu'elles révélaient. M. Ferry avait tort dans la forme, il avait raison dans le fond. Et quel plus ferme témoignage de sympathie pouvait-il donner à l'Angleterre! Comment en a-t-il été récompensé? On le sait. Le Cabinet de Saint-James lui a présenté des propositions nouvelles, pires que celles dont la Conférence de Londres n'avait pas voulu. Il semble qu'on s'attache à s'aliéner tout ce qui, dans l'opinion et dans le Gouvernement Français, incline vers l'Angleterre, et voudrait pouvoir pencher de ce côté autant qu'il est permis de le faire sans s'exposer à y tomber.

Est-ce là, de la part de nos voisins, une sage politique? Les partis violents qui s'agitent dans le sein du Cabinet Anglais, et ceux qui malheureusement s'agitent aussi dans l'Opposition, en adoptant ces méthodes nouvelles, feront-ils mieux que leurs devanciers? Nous en doutons beaucoup, et notre incertitude n'est pas sans affliction. Tout change en nous et autour de nous. Les anciens cadres se brisent, et l'on ne voit pas comment ils seront remplacés. L'ignorance et la présomption envahissent tout. La confusion générale risque de profiter à la force pure, au mépris des vieux droits et de ceux qui les représentent, et qui se divisent. L'imprévoyance universelle ménage le règne du hasard, avec toutes ses brutalités. Il y a un homme en Angleterre, qui paraît avoir le sentiment douloureux de toutes ces choses, dont son pays n'est pas

moins menacé que le nôtre. Son esprit honnête en est effrayé, son âme en est troublée, la volonté cherche peut-être à enrayer le mouvement. Mais il est bien trop vieux dans un monde trop jeune. C'est Mr. Gladstone. On le dit malade, et qui sait si sa maladie ne tient pas aux préoccupations que lui causent une situation si neuve et un avenir si incertain ?

FRANCIS CHARMES.

No. 21.

Viscount Lyons to Earl Granville.—(Received January 6.)

(No. 6.)

My Lord,

Paris, January 5, 1885.

I HAD this morning the honour to receive your Lordship's despatch No. 7 of the 3rd instant, directing me to invite the French Government to proceed at once to a free discussion of the points raised by the proposals of Her Majesty's Government for the settlement of the Egyptian finances.

I went this afternoon to M. Jules Ferry and read to him an *aide-mémoire* in the terms of your Lordship's despatch.

A discussion of some length ensued, in which I explained and enforced, to the best of my ability, the invitation of Her Majesty's Government, dwelling especially on the great importance of saving time, and on the facilities which a discussion of the nature suggested would afford for coming promptly to an agreement.

M. Jules Ferry, however, took a very different view of the matter. He said that he thought the object would be much more surely attained by his communicating in the first instance to Her Majesty's Government the views of the French Government on the proposals taken as a whole. He conceived that to discuss them beforehand, point by point, would really only lead to difficulties and delays. He believed that it would be much easier to conduct the discussion officiously and speedily if Her Majesty's Government were, first of all, put into possession of a general statement of the views of the French Government. He was preparing such a statement. He could assure me that it would be in the hands of your Lordship by the 15th of this month; and he did not at all despair of its leading to an understanding.

I observed that there were still nine or ten days between this and the 15th, and that in the critical state of the Egyptian finances, and of the private interests depending upon them, this was a long time to wait, before even opening the discussion.

M. Jules Ferry maintained, on the other hand, that his plan would prove in the end to be the best calculated to produce a speedy settlement; and, in fact, he showed himself to be distinctly averse to entering at once upon a discussion of details.

In answer to a question from me, he distinctly authorized me to assure your Lordship that the statement of the views of the French Government would be communicated to you by the 15th instant.

He did not give me any information as to what would be the contents of the statement.

He said that he fully shared the desire of Her Majesty's Government that the two Governments should act in union and co-operation.

I left with M. Jules Ferry the *aide-mémoire* which I had read to him, and I do myself the honour to send herewith a copy of it to your Lordship.

I have, &c.
(Signed) LYONS.

Inclosure in No. 21.

Aide-mémoire.

THE proposals of Her Majesty's Government respecting the finances of Egypt were communicated to France and to the other Powers at the end of November. Since that time Lord Lyons has, by direction of Earl Granville, on several occasions, called the attention of his Excellency M. Jules Ferry to the urgent desirability of a speedy decision, both for the welfare of Egypt, and in the interest of her creditors, and of the claimants for indemnities on account of loss of property at Alexandria.

On the 30th December M. Jules Ferry was so good as to tell Lord Lyons that the answer of the French Government might be expected on the 15th January, and that it would take the form of counter-proposals. Her Majesty's Government would deprecate a mode of proceeding which would delay the discussion of the proposals they have made, and which appears to contemplate an entirely new departure as the starting point of such discussion.

It is the earnest desire of Her Majesty's Government to act in union and co-operation with that of France, and before taking into view any other alternative, they express this desire, in order to learn promptly whether the Government of France has a corresponding disposition. If the Government of France is prepared to proceed at once with a free discussion of the points raised by the proposals of Her Majesty's Government, Her Majesty's Government will, on their side, be ready, in the course of discussion on various points, to show what they can do with a view to making them more acceptable. Her Majesty's Government trust that the French Government will consent at once to enter upon the discussion thus invited.

January 5, 1884.

No. 22.

Earl Granville to Sir J. S. Lumley.

(No. 2.)

(Telegraphic.)

Foreign Office, January 6, 1885, 6.40 P.M.

YOUR telegram No. 2 of 5th.

Assure Italian Government that Her Majesty's Government are very grateful for their support at Paris.

No. 23.

Earl Granville to Sir J. Lumley.

(No. 5. Ext. 2.)

Sir,

Foreign Office, January 6, 1885.

I HAVE received your Excellency's telegram No. 2 of the 5th instant, stating that the Italian Ambassador at Paris has been instructed to support the request of Her Majesty's Government, that the Government of France would at once enter upon the discussion of the English proposals respecting Egyptian finance.

I have this day requested your Excellency by telegraph to assure M. Mancini that Her Majesty's Government are very grateful for this friendly action on the part of the Italian Government.

I am, &c.
(Signed) GRANVILLE.

No. 24.

Earl Granville to Sir E. Malet.

(No. 8 A.)

Sir,

Foreign Office, January 6, 1885.

THE German Ambassador called to-day and communicated to me the correspondence, of which I inclose copies,* between the President of the Alexandria Indemnities Committee and the German Consul-General at Cairo, with regard to the request of the former that Prince Bismarck should be moved to bring the question of the indemnities before the Conference at Berlin, a request with which the German Consul-General declined to comply.

Count Münster stated, as your Excellency has already informed me, that Prince Bismarck had since received a telegram direct from M. Manusardi, President of the Committee, which his Highness had merely shown confidentially to the Representatives of Great Britain, France, and Italy, for their information.

I told his Excellency that I was obliged to the German Government for the communication which he had been authorized to make to me, and that the course adopted appeared to me to be judicious.

* Nos.

I added that the incident seemed to afford another proof how desirable it was that the settlement of the question should not be unnecessarily delayed.

I am, &c.
(Signed) GRANVILLE.

No. 25.

Sir J. S. Lumley to Earl Granville.—(Received January 7.)

(No. 1. Most Confidential.)

My Lord,

Rome, January 2, 1885.

ON the receipt of your Lordship's despatch No. 264 of the 17th ultimo, I took an opportunity of speaking to M. Mancini on the subject of your Lordship's conversation with Count Nigra reported in that despatch, with reference to the hostile course pursued by M. Baravelli at Cairo, and with regard to the support promised by the Italian Government to the claims of Russia and Germany to be represented on the Commission of the Caisse of the Egyptian Debt.

M. Mancini said that M. Baravelli's conduct had caused the greatest embarrassment to the Italian Government, and although, as he had already explained to me, the Italian Government had not the power of removing him from his post, he thought it possible, in consequence of the representations that he had been compelled to address to that Agent, that M. Baravelli might consider it necessary to resign his post, in which case a fresh appointment might be made.

With reference to the support promised by the Italian Government to the claims of Russia and Germany to be represented at the Commission of the Caisse, M. Mancini reminded me that M. de Martino was only instructed to support his colleague in the event of the Egyptian Government refusing to consider that claim, but as the reply of the Egyptian Government was not only not a refusal, but was of a favourable though of a conditional character, M. de Martino, in obedience to his instructions, would take no further step in the matter for the present. On my repeating the question, your Lordship had asked Count Nigra, viz, whether the Italian Government could not go further than this and express their concurrence in the expediency of delaying action in this matter until it could be made part of the general financial statement. M. Mancini said that he felt how important it was to gain time, and this he had indicated in his instruction to M. de Martino, in saying that the form of the admission of the Russian and German Commissioners, and the period when it should take place, would form subjects for further arrangements, both being questions the examination of which might lead to lengthened discussions. It was very painful, M. Mancini said, to witness the persistent opposition thrown in the way of the efforts of the English Government to establish a *modus vivendi* in Egypt, but he believed the first British victory in the Soudan (and he had not the slightest doubt in his own mind of the final success of Lord Wolseley's expedition) would greatly change the state of affairs in Egypt, while the news that Khartoum was in the possession of the English army might modify the views of the opposing Powers. I reminded his Excellency that the intention of Her Majesty's Government was not to hold Khartoum, but to retire from the Soudan after the delivery of General Gordon. M. Mancini said that, from all he heard, the importance of Khartoum in a strategical point of view, and for the protection of Egypt proper, was so great that it would not surprise him to learn that the eminent Generals now in Egypt would recognize and recommend its retention as a natural defence of that country; in fact, he said, it is generally believed that Ismaïl Pasha, when he conquered the Soudan, did so less with the view of obtaining a vast addition of territory than with the idea of removing the frontier to a safe distance, and of making Khartoum the bulwark of Egypt.

M. Mancini said he quite understood the plan attributed to Her Majesty's Government of wishing to place Khartoum in the hands of a native Chief on whose loyalty and authority dependence might be placed, but should it fall into unworthy or incapable hands the danger would be equally great whether as an encouragement to an ambitious and fanatical leader to invade Egypt, or, in the event of its falling into a state of anarchy, as an invitation for the intervention of an European Power which might not be troubled with scruples as to its retention: if England, said M. Mancini, is determined to defend Egypt until that country is able to defend itself she may find it a much more difficult and expensive task to do so after the loss of that

stronghold, which might be made impregnable at a small cost of money and men in comparison with what it will take to defend Egypt without it.

I have, &c.
(Signed) J. SAVILLE LUMLEY.

No. 26.

Earl Granville to Sir E. Baring.

(No. 2.)

Sir,

Foreign Office, January 7, 1885.

I HAVE received your despatch No. 1161 of the 21st ultimo, forwarding a copy of the answer which was returned by the Egyptian Government to the Russian and German Consuls-General on the subject of the appointment of a German and Russian Delegate to the Commission of the Debt.

As regards the substitution of the words "à ce sujet" in the place of the words "au sujet de cette modification de la Loi de Liquidation," desired by Nubar Pasha, in which you expressed concurrence, I have to state that I approve your action in this matter.

I am, &c.
(Signed) GRANVILLE.

No. 27.

Earl Granville to Sir A. Paget.

(No. 5.)

Sir,

Foreign Office, January 7, 1885.

I HAVE received your despatch No. 331 of the 29th ultimo, in which you inform me that Count Kálnoky had instructed the Austro-Hungarian Ambassador at Paris to express to M. Jules Ferry the hope of his Excellency that the French Government would soon be able to give their attention to the proposals of Her Majesty's Government respecting the finances of Egypt.

I have to request that your Excellency will express to Count Kálnoky the thanks of Her Majesty's Government for his endeavour to hasten the decision of the French Government on the subject.

I am, &c.
(Signed) GRANVILLE.

No. 28.

E

Earl Granville to Viscount Lyons.

(No. 20.)

My Lord,

Foreign Office, January 7, 1885.

I RECEIVED yesterday your Excellency's despatch No. 6 of the 5th instant reporting that M. Jules Ferry was unwilling to proceed at once to a free discussion of the points raised by the proposals of Her Majesty's Government for the settlement of the Egyptian finances, and that he considered that a prompt agreement would be more surely attained by his communicating in the form of a statement the views of the French Government on the proposals taken as a whole. He promised that this statement would be ready on the 15th instant.

Her Majesty's Government, while regretting that M. Ferry has declined to meet their views, receive with satisfaction the assurance that, in his Excellency's opinion, the course he proposes will save time and discussion, and the belief which he expresses that the communication he has to make in the course of a few days may lead to an understanding.

Your Excellency will add that the delay which the French Government think necessary, and which we regret, will be open to less objection on our part if the French Government will undertake to use their influence to obtain such a postponement of the time at present fixed for hearing the appeal against the Judgment in the suit of the Caisse as may prevent any questions which may possibly arise out of the result of

that appeal from introducing new difficulties into the communications between the Powers.

I am, &c.
(Signed) GRANVILLE.

No. 29.

Sir A. Paget to Earl Granville.—(Received January 8.)

(No. 1.)

My Lord,

Vienna, January 5, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 1 of yesterday's date, and to inclose herewith a copy of a note which I have addressed to Count Kálnoky, acquainting him confidentially, in execution of your Lordship's instructions, with the substance of a despatch which your Lordship has addressed to Her Majesty's Ambassador in Paris, relative to the intention of the French Government to reply to the proposals of Her Majesty's Government for the settlement of the finances of Egypt by a counter-proposal which may be expected on the 15th instant.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 29.

Sir A. Paget to Count Kálnoky.

(Confidential.)

M. le Comte,

Vienna, January 5, 1885.

HER Majesty's Ambassador in Paris having informed Her Majesty's Government that the answer of the French Government to their proposals for the settlement of the finances of Egypt may be expected on the 15th instant, and that it will take the form of a counter-proposal, I have been instructed by Earl Granville to acquaint your Excellency, confidentially, that he has directed Viscount Lyons to state to M. Ferry that Her Majesty's Government would deprecate the delay which would be caused by what would appear to be an entirely new departure; that it is the earnest desire of Her Majesty's Government to act in union and co-operation with France in regard to this matter, but before taking into view any other alternative they express this desire in order to ascertain promptly whether the French Government have a corresponding disposition: if the French Government is prepared to proceed at once with a free discussion of the points raised by their proposals, Her Majesty's Government will be ready to show what they can do, with a view to making them more acceptable; and in informing M. Ferry of the above, Lord Lyons is desired to express the hope that his Excellency will enter at once upon discussion.

I avail, &c.
(Signed) A. PAGET.

No. 30.

Viscount Lyons to Earl Granville.—(Received January 8.)

(No. 16.)

My Lord,

Paris, January 7, 1885.

GENERAL MENABREA, the Italian Ambassador here, told me last night that he had received instructions from his Government to support a communication which was to be made by me to the French Government relative to the proposals of Her Majesty's Government for the settlement of the Egyptian finances.

In answer to a question from him, I informed him in general terms of what had passed between M. Jules Ferry and me the day before, when, in execution of the directions contained in your Lordship's despatch No. 7 of the 3rd instant, I conveyed to him the invitation to enter at once upon a friendly discussion of the proposals.

General Menabrea said that he should probably speak the next day (to-day) to M. Jules Ferry in support of the views of Her Majesty's Government.

I have to-day had the honour to receive your Lordship's despatch No. 11 of

yesterday, inclosing a telegram from Her Majesty's Ambassador at Rome (No. 2, date not given), reporting that the Italian Minister for Foreign Affairs had telegraphed to the Italian Ambassador at Paris to support the views expressed in an instruction from your Lordship to me, which I presume to be that contained in the despatch No. 7 of the 3rd instant, which I have already mentioned.

I have, &c.
(Signed) LYONS.

No. 31.

Viscount Lyons to Earl Granville.—(Received January 8.)

(No. 17.)

My Lord,

Paris, January 7, 1885.

DURING an interview which I had with M. Jules Ferry this afternoon I adverted once more to the very great importance attached by Her Majesty's Government to entering with him at once upon a discussion of their proposals for the settlement of the Egyptian finances.

M. Jules Ferry repeated his assurance that he should be ready to give his answer to the proposals by the 15th of this month.

I have, &c.
(Signed) LYONS.

No. 32.

Sir E. Baring to Earl Granville.—(Received January 8, 1.45 P.M.)

(No. 11.)

(Telegraphic.)

Cairo, January 8, 1885, 12.30 P.M.

YOUR telegram No. 371 of 22nd December.

Schmidt has now sent in his Report, and the Egyptian Government wish to act on it. Does Her Majesty's Government wish to be consulted on the whole subject before any action is taken? If so, it will cause delay, and it does not appear to me necessary. They only propose to take in hand such portions of monetary reform as will not involve any risk of increased expenditure.

No. 33.

Viscount Lyons to Earl Granville.—(Received January 9, 1 P.M.)

(No. 1.)

(Telegraphic.)

Paris, January 9, 1885, 12.27 P.M.

YOUR despatch No. 20 of the day before yesterday.

M. Ferry promised to use, so far as may be possible, his influence to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government.

No. 34.

*Earl Granville to Mr. Wyndham.**

(No. 3.)

(Telegraphic.)

Foreign Office, January 9, 1885, 3.50 P.M.

IN compliance with request from us, M. Ferry has promised to use, so far as may be possible, his influence to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government.

* Also to Sir E. Thornton (No. 2), Sir E. Malet (No. 7), Sir A. Paget (No. 2), Sir J. S. Lumley (No. 4), and Sir E. Baring (No. 8).

E *Earl Granville to Sir A. Paget.*

(No. 11.)
Sir,

Foreign Office, January 9, 1885.

IN the course of a conversation which I had with the Austrian Chargé d'Affaires to-day he referred to an observation I had made, when he was last at Walmer Castle, to the effect that the foreign policy of Austria appeared to be identical with that of Germany.

He said that that was no doubt true in a general sense, but that there was nothing in this identity of policy which would prevent Austria from taking the initiative in matters of importance, or from showing the friendly feelings of the Austrian Government towards other nations; that the abstention from taking any initiative in Egyptian matters was owing to the fact that Austria felt she had less interest in this question than some other countries.

I thanked M. Hengelmüller for this communication, and informed him that the French Government had stated that they would communicate to us their counter-proposals in regard to Egyptian finance on the 15th of this month; that we had pointed out the inconvenience of delay, and had invited them to enter upon a free discussion of our proposals at once; but that M. Ferry had adhered to his intention of abstaining from any discussion until a complete statement of the views of the French Government as to our proposals had been drawn up, that he had at the same time stated that this was in his opinion the best and speediest mode of arriving at an understanding, and had promised that the statement would be in our hands on or before the 15th instant.

I added that I had represented to M. Ferry the additional difficulty which would arise if execution were granted in the suit of the Caisse against the Egyptian Government before an agreement had been arrived at between the Powers on the financial question, and that he had promised to use, so far as might be possible, his influence to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government.

I am, &c.
(Signed) GRANVILLE.

No. 36.

E *Viscount Lyons to Earl Granville.—(Received January 10.)*

(No. 20. Ext. 1.)

My Lord,

Paris, January 9, 1885.

I HAD yesterday the honour to receive your Lordship's despatch No. 20 of the day before, containing your answer to the report made in my despatch No. 6 of the 5th instant, of the language used by M. Jules Ferry in reply to the invitation to enter at once upon the discussion of the proposals of Her Majesty's Government for the settlement of the finances of Egypt.

M. Jules Ferry spent yesterday in the country, but I had an interview with him this morning, and spoke to him in the exact terms of your Lordship's despatch.

I said, in particular, that the delay in opening the discussion which the French Government thought necessary, and which Her Majesty's Government regretted, would be open to less objection on their part if the French Government would undertake to use its influence to obtain such a postponement of the time at present fixed for hearing the appeal against the judgment in the suit of the Caisse de la Dette as might prevent any questions which might possibly arise out of the result of that appeal from introducing new difficulties into the communications between the Powers.

M. Jules Ferry said that there were often difficulties in judicial matters, but that I might inform your Lordship that, so far as might be possible ("dans la mesure du possible"), he would use his influence at Cairo to obtain a postponement of the time fixed for hearing the appeal.

I have transmitted the substance of the present despatch to your Lordship by telegraph.

I have, &c.
(Signed) LYONS.

Earl Granville to Sir E. Baring.

(No. 9.)
(Telegraphic.)

Foreign Office, January 10, 1885, 10.45 A.M.

YOUR telegram No. 11 of 8th January.

We ought to be consulted. Chancellor of Exchequer thinks you have been misinformed about cost.

No. 38.

Sir E. Baring to Earl Granville.—(Received January 10, 11.45 A.M.)

(No. 15. Confidential.)
(Telegraphic.)

Cairo, January 10, 1885.

ITALIAN Consul-General has informed me that Italian Ambassador at St. Petersburg reports that German and Russian Governments have agreed to address the other Powers with a view to obtaining their support in the matter of admitting German and Russian Commissioners on "Caisse."

No. 39.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 10.)

(No. 31. Confidential. Ext. 15.)

My Lord,

Cairo, January 10, 1885.

M. DE MARTINO has informed me that the Italian Government have learned from their Ambassador at St. Petersburg that the Russian and German Governments have agreed to address the other Powers with a view to obtaining their support in the matter of admitting Russian and German members to the Commission of the Public Debt.

I have, &c.
(Signed) E. BARING.

No. 40.

Sir J. S. Lumley to Earl Granville.—(Received January 10, 9.30 P.M.)

(No. 5.)
(Telegraphic.)

Rome, January 10, 1885, 7 P.M.

EGYPTIAN finance.

Italian Ambassador at Paris has not succeeded in obtaining from M. Ferry any assurance that the French reply to English proposals will be presented before the 15th instant.

No. 41.

Earl Granville to Mr. Wyndham.

(No. 19.)
Sir,

Foreign Office, January 10, 1885.

MUSURUS PASHA asked me to-day whether the Powers had yet sent any answers to the proposals of Her Majesty's Government respecting Egyptian finance. I informed him that the French Government had promised to give us a full statement of their views on the 15th instant.

His Excellency said that he had nothing new to communicate with regard to the proposed mission of Hassan Fehmi Pasha, but that he believed that it was the intention of the Porte that he should shortly start for this country.

I am, &c.
(Signed) GRANVILLE.

Sir E. Malet to Earl Granville.—(Received January 12.)

(No. 4. Confidential.)

My Lord,

Berlin, January 5, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 3 of yesterday, and to inclose copy of the note which, in accordance with the instructions conveyed to me, I have to-day addressed to Count Hatzfeldt, informing his Excellency of the present state of the negotiations between Her Majesty's Government and that of France with regard to the question of Egyptian finance.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 42.

Sir E. Malet to Count Hatzfeldt.

(Confidential.)

M. le Secrétaire d'État,

Berlin, January 5, 1885.

I HAVE the honour to inform your Excellency that I have been authorized by Earl Granville confidentially to state that Her Majesty's Government have learnt that the answer of the French Government respecting Egyptian finance may be expected on the 15th of this month, and that it will take the form of a counter-proposal.

Lord Lyons, Her Majesty's Ambassador in Paris, has consequently been instructed to state to M. Ferry that the Queen's Government would deprecate the delay caused by what would appear to be an entirely new departure.

His Excellency has been instructed to explain that it is the earnest desire of Her Majesty's Government to act in unison and co-operation with France, and before taking into view any other alternative they express this desire in order to learn promptly whether the French Government have a corresponding disposition.

Her Majesty's Ambassador will also state that, should the French Government be prepared to proceed at once with a free discussion of the points raised by the proposals respecting Egyptian finance, Her Majesty's Government will be ready to show what they can do with a view to making them more acceptable.

In conclusion, Lord Lyons will express the hope on behalf of Her Majesty's Government that M. Ferry will enter at once upon the discussion of this question.

I avail, &c.

(Signed) EDWARD B. MALET.

No. 43.

E

Viscount Lyons to Earl Granville.—(Received January 12.)

(No. 24.)

My Lord,

Paris, January 10, 1885.

THE following appeared in the Paris newspaper, the "Temps," yesterday evening:—

"Nous recevons de notre correspondant particulier de Vienne la dépêche suivante:—

"*Vienne, le 9 Janvier, 10 h. du matin.*

"*D'actives négociations sont engagées entre les Cabinets de Paris, Vienne, Berlin, et Saint-Petersbourg, au sujet de la question Égyptienne. Un accord s'est établi entre les quatre Puissances au sujet de la réponse à faire aux propositions Anglaises. Le Cabinet de Paris a eu une part prépondérante dans ces négociations et les trois autres Puissances seraient désireuses de lui laisser l'initiative de la réponse, délibérée d'un commun accord. Mais on assure que votre Gouvernement préférerait que l'entente des quatre Grandes Puissances Continentales se manifestât par la remise simultanée au Cabinet de Londres d'une note identique formulant leurs desiderata. Quelle que soit la solution qui prévaudra, on ne croit pas que la réponse des Puissances à l'Angleterre soit faite avant le 15 Janvier.*"

Statements much to the same effect are made in a telegram from Berlin, also of yesterday's date, which is published in the newspapers this morning.

Before the communication to the Powers of the English proposals, the French Government refused to enter into confidential discussion with Her Majesty's Government on the arrangements to be adopted for the settlement of Egyptian finance, and, since that communication, M. Jules Ferry has declined offers, on the part of Her Majesty's Government, to give explanations respecting the proposals, and has rejected their invitation to enter at once with them upon a free discussion before making a formal answer.

M. Jules Ferry has never spoken to me of his being in consultation with other Powers, but, as your Lordship is aware, I have always supposed that his delays in answering us were caused by his taking time to communicate with Germany, and, under German auspices, with Austria and Russia; and that his fixing the date of the 15th January for giving his answer was connected with such communications. Nor, as your Lordship also knows, have I ever doubted that the French Government relied mainly on obtaining the support of the three Empires in dealing with the Egyptian question in its present phase.

Whether the accord of France with Germany, Austria, and Russia has gone so far as to lead to a proposal that they shall all four make identic and simultaneous answers to Her Majesty's Government I am unable to say. M. Ferry has certainly spoken to me of the French answer as a thing apart, but then it must be remembered that in his conversations with me upon the Egyptian financial question he has always abstained from making any allusion to communications between himself and other Powers.

I have, &c.

(Signed) LYONS.

No. 44.

E

Viscount Lyons to Earl Granville.—(Received January 12.)

(No. 25.)

My Lord,

Paris, January 11, 1885.

WITH reference to my despatch No. 16 of the 7th instant, I have the honour to report to your Lordship that General Menabrea, the Italian Ambassador, informed me last night that he had in fact spoken to M. Jules Ferry on the 7th of this month in support of the views of Her Majesty's Government relative to the proposals for the settlement of the finances of Egypt.

I understood from General Menabrea that M. Ferry had told him in general terms that an answer from the French Government would be communicated to Her Majesty's Government on the 15th instant, and, moreover, that in the course of conversation, M. Ferry had observed to him that the new proposals of Her Majesty's Government were more unacceptable than those which had been made by them to the London Conference.

I have, &c.

(Signed) LYONS.

No. 45.

E

Viscount Lyons to Earl Granville.—(Received January 12.)

(No. 26.)

My Lord,

Paris, January 11, 1885.

WITH reference to my despatches Nos. 19 and 20, both of the 9th instant, I have the honour to report to your Lordship that I was informed last night by M. Billot, Director of Political Affairs in the French Foreign Office, that immediately after I left M. Jules Ferry the day before yesterday a telegram was sent, by his Excellency's order, to the French Agent at Cairo, instructing him to use his influence to obtain a postponement of the hearing of the appeal in the suit of the Caisse de la Dette.

I have, &c.

(Signed) LYONS.

Sir E. Baring to Earl Granville.—(Received January 12, 4:30 P.M.)

(No. 19.)
(Telegraphic.)

Cairo, January 12, 1885, 3:45 P.M.

CAISSE are about to close their account of past year, and have called on Egyptian Government to pay to them 80,000*l.* on account of Moukabala compensations.

Blum Pasha will be able to explain more fully.

The forward [?] estimate of Ways and Means shows that if this payment is made there will be a deficit of 7,000*l.* at the end of the current month, 62,000*l.* at the end of February, 186,000*l.* at the end of March, and 460,000*l.* at the end of April, after which time the monthly receipts more than cover the expenditure until September.

Only available asset on which Government can borrow is 200,000*l.* Preference stock belonging to the Wakf.

Under these circumstances, it is thought that the best plan will be to inform Caisse that the Government must postpone payment. This may bring on another conflict with the Caisse, but I see no help for it. Does your Lordship approve?

Sir E. Baring to Earl Granville.—(Received by telegraph, January 12.)

(No. 40. Ext. 19.)

My Lord,

Cairo, January 12, 1885.

THE Caisse being about to close their accounts for 1884 have called on the Egyptian Government to pay to them about 80,000*l.* on account of Moukabala compensations. Blum Pasha will be able to furnish your Lordship with full explanations on the subject.

The forward estimates of Ways and Means show that if this payment is made there will be a deficit of 7,000*l.* at the end of the current month, 62,000*l.* at the end of February, 186,000*l.* at the end of March, and 460,000*l.* at the end of April, after which date the monthly receipts will more than cover the expenditure until September.

The only available asset on which the Government can borrow is 200,000*l.* Preference stock belonging to the Wakf.

Under these circumstances, the course proposed to be followed by the Egyptian Government is to inform the Caisse that they must postpone payment. This may provoke another conflict with the Caisse, but I do not see any preferable alternative, and I beg your Lordship to inform me whether Her Majesty's Government approve of it.

I have, &c.
(Signed) E. BARING.

M. de Giers to M. de Staal.—(Communicated to Earl Granville by M. de Staal, January 13, 1885.)

E

M. l'Ambassadeur,

St. Pétersbourg, le 27 Décembre, 1884.

VOTRE Excellence n'ignore pas la démarche que le Cabinet Impérial, d'accord avec celui de Berlin, vient de faire auprès de Son Altesse le Khédive, afin de réclamer l'admission de Délégués Russe et Allemand dans la Commission de la Dette Égyptienne.

Elle connaît aussi la réponse faite par Nubar Pacha à MM. Hitrovo et Derenthal. Elle part du principe que la Loi de Liquidation ayant "pour ainsi dire" fixé le nombre des membres de la Commission, une augmentation du nombre de ces membres exige l'assentiment des Puissances, assentiment que le Gouvernement Égyptien nous laisse le soin d'obtenir.

Je dois vous rappeler que bien que nous n'ayons pas été invités à prendre part à l'élaboration de la Loi de Liquidation en 1880, et que le Cabinet Impérial ait expressément réservé alors sa liberté d'appréciation et d'action, cependant lorsque, dans le cours de la même année, cette Loi nous a été officiellement communiquée, avec

invitation d'y adhérer, le Cabinet Impérial l'ayant examiné, et ayant trouvé qu'elle offrait des garanties suffisantes pour les intérêts qu'elle avait pour but de sauvegarder, y a donné son adhésion par une note Circulaire en date du 21 Juillet, 1880.

La Loi de Liquidation dont nous sommes ainsi devenus Partie Contractante et garante, avait régularisé et fixé la compétence de la Commission de la Dette Publique, existant déjà depuis quatre ans en vertu d'un Décret Khédivial.

Toutefois, convaincus que les Puissances appelés en 1876 à faire partie de cette institution auraient en vue la sauvegarde des intérêts internationaux, et, par conséquent, aussi ceux des Puissances non représentées, nous avons cru pouvoir nous abstenir d'y nommer un Délégué en nous en remettant avec confiance à la surveillance des Représentants Européens qui siégeaient dans la dite Commission.

L'infraction financière accomplie le 18 Septembre de cette année, sans avoir rencontré de la part des membres actuels la résistance sur laquelle nous aurions cru pouvoir compter, a dû modifier notre point de vue. Comme la possibilité du renouvellement de pareils écarts ne se trouvait pas exclue pour l'avenir nous avons dû attacher une plus grande valeur à la nécessité de donner à la Commission, par l'adjonction de Délégués Russe et Allemand, le caractère et l'autorité requises pour la sauvegarde des droits et des intérêts fondés sur des transactions internationales dont, pour notre part, nous ne saurions abandonner à d'autres le soin d'assurer le maintien.

Nous nous sommes, en conséquence, concertés avec le Cabinet de Berlin, placé à cet égard dans une position analogue à la nôtre, afin de réclamer le droit qui nous appartient d'avoir dans la Commission, au même titre que les autres Puissances Contractantes, un Représentant par l'organe duquel nous puissions veiller de notre côté à nos intérêts et à l'observation des Traités existants, qui ne sauraient être enfreints sur un point sans être invalides dans leur ensemble.

Ce droit est incontestable. La Loi de Liquidation, en déterminant les attributions et la compétence de la Commission de la Dette, n'a en aucune façon fixé le nombre ni le mode de convocation des membres appelés à en faire partie. Elle ne pouvait pas le faire. Étant elle-même une œuvre internationale destinée à sauvegarder les droits et les intérêts étrangers en Égypte, elle ne pouvait songer à en exclure aucune des Puissances Contractantes. Si, par conséquent, il est vrai que le Khédive ne puisse modifier ni les conditions d'existence ni les attributions de la Commission, en tant qu'elles ont été réglées par la Loi de Liquidation sans l'assentiment des Puissances, il n'est pas moins certain que le complément de cette Commission par l'admission de membres des Puissances Contractantes non encore représentées, ne relève que de sa compétence.

C'est pourquoi nous avons, comme le Cabinet de Berlin, adressé directement cette réclamation à Son Altesse le Khédive.

La réponse de Son Altesse et de son Conseil ayant mis en avant la nécessité d'une entente avec les Puissances, nous croyons, avant de prendre des déterminations ultérieures, devoir demander au Gouvernement de Sa Majesté Britannique si, pour sa part, il se place au même point de vue que le Khédive, et si, en ce cas, il considère la réclamation présentée par les Gouvernements de Russie et d'Allemagne comme fondée en droit.

Votre Excellence est autorisée à donner lecture de la présente dépêche à M. le Ministre des Affaires Étrangères, et à lui en laisser copie s'il le désire.

Veuillez, &c.
(Signé) GIERS.

Sir E. Baring to Earl Granville.—(Received January 13.)

(No. 7.)

My Lord,

Cairo, January 1, 1885.

I HAVE the honour to inclose a Return, published by the Commissioners of the Public Debt, showing the operations of the sinking fund of the Unified Debt for the 1st November, 1884.

The publication of this Return has apparently been delayed until the delivery of the Judgment in the law-suit brought by the Caisse, and the sum for which the Government are held liable, namely, P. T. 52,364,876 2*p.*, is entered with the surplus of the 25th October.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 49.

Extract from the "Moniteur Egyptien."

CAISSE DE LA DETTE PUBLIQUE.

TABLEAU des Opérations d'Amortissement par Rachats de la Dette Unifiée, pour le 1^{er} Novembre, 1884.

Fonds applicables à cet Amortissement.					P. T.	p.	
1. Prescriptions acquises du 1 ^{er} Janvier à ce jour	..	..	..	..	42,724	20	} Sommes disponibles.
2. Excédents au 25 Octobre—	..	..	..	..	26,520	00	
(a.) Espèces	..	..	..	..	..	..	
(b.) Du par le Gouvernement (Jugement du 9 Décembre, 1884)	..	..	..	..	52,364,876	02	
Total	..	..	..	..	52,434,120	22	
Emploi de la Somme disponible.							
Soit	..	..	..	..	69,244	20	
Rachats faits en Décembre—	..	..	..	..	£	s.	
Capital nominal des obligations rachetées	..	..	..	..	1,120	0	
Capital effectif employé, frais compris	..	..	..	..	709	14	
					69,195	30	
Solde de la somme disponible	..	..	..	..	48	30	

Par suite de l'amortissement ci-dessus, le capital nominal de la Dette Unifiée, qui était au 26 Avril dernier de 55,992,440^{l.}, se trouve réduit à la somme de 55,991,320^{l.}, nécessitant, sous réserve des achats ultérieurs, pour le service du Coupon du 1^{er} Mai, 1885, une somme de 1,119,826^{l.} 8s.

Les Commissaires Directeurs,
(Signé) G. LE CHEVALIER.
P. BARAVELLI.
VETSERÀ.

Le Caire, le 29 Décembre, 1884.

Pour copie conforme :
Le Contrôleur,
(Signé) W. Moq.

No. 50.

Mr. Wyndham to Earl Granville.—(Received January 14.)

(No. 14. Confidential.)

My Lord,

Constantinople, January 8, 1885.

I HAVE the honour to inform your Lordship that, in compliance with your telegraphic instructions, I communicated confidentially to-day to the Ottoman Minister for Foreign Affairs the substance of your despatch of the 4th instant to Her Majesty's Ambassador at Paris, in which your Lordship has explained the views of Her Majesty's Government with regard to the expected reply of the French Government on the proposals made by your Lordship for an arrangement of the Egyptian financial question.

Assim Pasha thanked me for this communication.

I have, &c.
(Signed) HUGH WYNDHAM.

* Cette somme provient du reliquat du C/ amortissement au 15 Octobre de la Dette Priviligée, qui a diminué d'autant le prélèvement sur la Dette Unifiée, prélèvement qui n'a en conséquence été que de P. T. 37,448,970 au lieu de P. T. 37,475,490, figurant dans la publication du 14 Octobre dernier.

No. 51.

Sir A. Paget to Earl Granville.—(Received January 14.)

(No. 5.)

My Lord,

Vienna, January 10, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 2 of yesterday, informing me that, in compliance with a request from Her Majesty's Government, M. Ferry had promised to use, so far as may be possible, his influence to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government.

Being confined to the house by a severe cold, I requested Mr. Milbanke to call upon Count Kálnoky to acquaint his Excellency privately with the contents of your Lordship's telegram, and to inquire of him on my behalf whether he felt disposed to follow M. Ferry's example.

Count Kálnoky stated to Mr. Milbanke that the information he had just communicated was new to him, and that he did not feel quite clear how the proposed action was to be taken. His Excellency added, however, that when more fully explained to him he would on his part be perfectly ready to facilitate matters in the direction intended, should it be found possible to do so.

I have, &c.
(Signed) A. PAGET.

No. 52.

Sir A. Paget to Earl Granville.—(Received January 14.)

(No. 6.)

My Lord,

Vienna, January 12, 1885.

I HAVE had the honour to receive your Lordship's despatch No. 5 of the 7th instant, and I beg to state that I have communicated to Count Kálnoky the thanks of Her Majesty's Government for the action taken by his Excellency in endeavouring to persuade the French Government to give their speedy attention to the British proposals respecting the finances of Egypt.

I have, &c.
(Signed) A. PAGET.

No. 53.

Viscount Lyons to Earl Granville.—(Received January 14.)

(No. 29.)

My Lord,

Paris, January 13, 1885.

I HAVE the honour to transmit to your Lordship an article published last evening in the "Temps" newspaper, in which, in the form of a telegram from London, dated 8 A.M. yesterday, appear a complete summary of the proposals of Her Majesty's Government to the Powers respecting the finances of Egypt, and, moreover, a statement purporting to give the substance of counter-proposals made by the Government of France.

The first leading article in the "Temps" directs attention to this telegram, and states that the intelligence contained in it is confirmed in a general manner by information obtained directly by the paper.

The summary of the English proposals appears to be a fairly correct translation of those actually made by Her Majesty's Government.

I have, &c.
(Signed) LYONS.

Inclosure in No. 53.

Extract from "Le Temps" of January 13, 1885.

Les Propositions Anglaises concernant le Règlement des Affaires Financières d'Égypte.

(Dépêche de notre Correspondant Particulier.)

Londres, 12 Janvier, 8 h. matin.

VOICI un résumé complet des propositions que le Cabinet de Londres a soumises aux Grandes Puissances pour régler, d'accord avec elles, les affaires financières de l'Égypte :—

1. Il sera émis un emprunt à 3½ pour cent, garanti par le Gouvernement de la Reine, jusqu'à concurrence d'un montant suffisant pour pourvoir à la dette flottante, à l'irrigation, &c. Les actifs de liquidation y concourront également. Il est probable que le montant net de l'emprunt n'excédera pas 5,000,000l.

2. Les indemnités seront payées en titres de la Dette Privilégiée, 110l. nominales pour 100l.

3. L'intérêt du nouvel emprunt sera payé, avec priorité, sur les revenus Égyptiens.

4. Les revenus de la Daïra et des Domaines seront versés à la Banque d'Angleterre, et l'intérêt du nouvel emprunt en sera déduit avant toutes choses. Le reliquat en sera acquis au Gouvernement Égyptien.

5. L'Administration des terres de la Daïra et des Domaines sera entre les mains du Gouvernement Égyptien, sous le contrôle du Gouvernement Anglais. Les emprunts dont les terres constituent le gage seront traités comme suit : l'Emprunt Domanal sera ajouté à la Dette Privilégiée et l'Emprunt de la Daïra à la Dette Unifiée.

6. Les produits des ventes de terres de la Daïra et des Domaines, que l'on se propose de faire aux fellahs, seront employés autant que possible à la formation d'un fonds d'amortissement, applicable en premier lieu au nouvel emprunt. Quand cet emprunt sera remboursé en totalité, les produits des ventes susdites seront appliqués au remboursement d'autres emprunts. Tous les fonds d'amortissement de la dette existante seront suspendus.

7. La seconde charge dont seront grevés les revenus Égyptiens sera le service des intérêts sur les dettes existantes, moins un ½ pour cent en ce qui concerne les Dettes Unifiée et de la Daïra et l'Emprunt de Suez.

8. La troisième charge comprendra les frais d'administration, y compris les 150,000l. de la Moukabalah. Ces frais ont été fixés, dans la Conférence de Londres, à £ E. 4,817,000, sous réserve d'une modification au prorata de l'accroissement des recettes des chemins de fer. Il faut y ajouter, en outre, 1,000l., coût net des changements recommandés par Lord Northbrook, et une somme de 120,000l. pour l'Armée Anglaise d'Occupation. Les frais totaux de l'Administration atteindront ainsi le chiffre de 4,948,000l., qui ne pourra être dépassé, sauf en cas de dépenses pour les chemins de fer, comme il est dit ci-dessus, sans le consentement du Gouvernement Anglais, tant que durera l'occupation Anglaise.

9. La quatrième charge comprendra les réductions stipulées par l'Article 7, de l'intérêt des emprunts et tous les frais de l'Armée d'Occupation excédant les 120,000l. La dépense totale pour cette armée ne pourra pas toutefois dépasser 293,000l.

10. Si les excédents ne suffisent pas pour pourvoir à la quatrième charge, il sera apporté des réductions proportionnelles à chacune des parties qui la composent.

11. En cas d'excédent après le paiement de la quatrième charge, cet excédent sera appliqué en premier lieu à payer tous les arrérages de l'intérêt des années précédentes des divers emprunts, et tout le reliquat sera partagé par portions égales entre un fonds d'amortissement et le Gouvernement Égyptien.

12. Seront introduits les changements administratifs et fiscaux proposés par Lord Northbrook, savoir : (a) l'extension aux étrangers, sur un pied d'égalité avec les indigènes des lois concernant certains impôts ; (b) quelques modifications fiscales de moindre importance n'altérant pas l'équilibre général.

13. Le Gouvernement Égyptien sera autorisé à emprunter en compte courant, pour le cas de nécessité, une somme ne dépassant pas 1,000,000l., au lieu de 2,000,000l., qu'il a la faculté d'emprunter actuellement, mais cela uniquement avec le consentement du Gouvernement Anglais, tant que l'emprunt garanti ne sera pas remboursé.

No. 55*.

Earl Granville to Sir E. Baring.

(No. 11 A.)

Sir,

Foreign Office, January 14, 1885.

I HAVE received your despatches Nos. 1137 and 1196 of the 14th and 31st ultimo, relative to the recent Judgment of the Mixed Court of First Instance in the suit of the Caisse de la Dette Publique, and I have to communicate to you the following observations as to the grounds which, in the opinion of Her Majesty's Government, may exist for contesting the validity of that Judgment, against which the Egyptian Government and the individuals concerned have appealed.

The jurisdiction of the International Tribunals to entertain or adjudicate upon the suit may be open to a substantial question upon the grounds hereafter indicated, and which it might be advisable to advance in argument before the Court of Appeal.

By the Judgment which you inclosed it appears, first, that the Tribunal declared its own competency ; secondly, that the parties defendants were the Egyptian Government (by that designation) ; Nubar Pasha (who was exonerated) ; Moustapha Pasha Fehmy (the Minister of Finance) ; the four Mudirs of the four provinces of which the revenues were specially assigned to the Caisse ; the Director of Customs and Le Mesurier and Ali Pasha jointly—who constituted the Railway Administration.

Of those Moustapha Pasha Fehmy is condemned (together with the Egyptian Government) in the whole amount ; the others in the sums for which they were severally considered accountable.

The question arises, how the competency of the International Tribunals to pronounce such a Judgment against those parties is to be established ? It must be either (1) by the "Règlement d'Organisation Judiciaire pour les Procès Mixtes en Égypte" of 1874 ; or (2) by the Decrees establishing the Caisse ; or (3) by the Law of Liquidation. If none of those confer such a jurisdiction it seems to follow that it does not exist, and that the Tribunals were incompetent.

(1.) The "Règlement" of 1874, under Head (II) "Compétence," Articles 10 and 11, provides (Article 10) that "the Government, the Administrations, the Daïras of His Highness the Khedive and the members of his family, shall be subject to the jurisdiction of these Tribunals 'dans les procès avec les étrangers ;' " and (Article 11) that those Tribunals (without having power to determine anything as to the property in the public domains, or to interpret or stop the execution of any administrative measure) shall have power to judge in the cases provided for by the Code Civil, "les atteintes portées à un droit acquis d'un étranger, par un acte d'administration."

The 11th Article seems to be clearly inapplicable to the case. The applicability of the 10th Article depends on the question whether this is a "procès avec les étrangers ?" It seems to Her Majesty's Government that it is not such a "procès."

The Caisse, under the Khedivial Decree of the 2nd May, 1876, is not a Body either itself "foreign" (in the proper sense of the word "étranger"), or representing, properly and exclusively, merely foreign interests. It was "a special (Egyptian) Treasury, charged with the regular service of the Public Debt ; its members were expressly declared to be appointed by the Khedive in the quality of Egyptian officials." The Law of Liquidation makes no difference in this respect ; and the Italian Government has lately excused itself on that very ground from all responsibility for the acts, as a member of the Caisse, of the Commissioner nominated by it, Signor Baravelli.

It is true that in Article 4 of the same Khedivial Decree, to which reference will be made hereafter, the Caisse and its Directors are authorized to take certain proceedings in the name and in the interests of the creditors, who are there described as mostly of foreign nationality. But even if the proceeding actually taken had been such, and only such, as is there contemplated and authorized, it is doubtful whether it was a "procès avec les étrangers" within the meaning of Article 10 of the "Règlement."

The next question is whether Article 4 (the only Article in point) of the Khedivial Decree of the 2nd May, 1876, authorizes this suit and Judgment ?

This Article seems to contemplate and authorize a suit before the International Tribunals to enforce the provisions of the same Decree by which the Debt confided to the said Treasury (i.e., the Caisse) is guaranteed, not against individual subordinate officers of the Egyptian Government (coming or not coming within the several

descriptions contained in the preceding Article 2), but against the financial administration, represented by the Minister of Finance—that is, against the Government of Egypt, to be sued for this purpose in the name of its Finance Minister.

But there seems to be nothing there to give the Tribunals jurisdiction over the individual filling that office in his personal as distinguished from his official capacity, or to make him personally liable to be condemned to pay any sum which might be claimed in any such suit.

The 38th Article of the Law of Liquidation is, in substance, a reproduction of the 4th Article of the Decree of 1876, and so far as there is any difference in its terms it appears to confirm the view above suggested.

The conclusion appears to be that those Tribunals were not competent to entertain the suit of the Caisse, except as against the Egyptian Government, officially represented by the Minister of Finance, and, as against the Egyptian Government so represented, they do not appear to have any power to execute their Judgment.

Against this view it may be urged that Article 2 of the Decree of 1876 and Article 31 of the Law of Liquidation provide that (in the terms of the latter Article) the accountable Heads of those provinces and Administrations whose revenues are appropriated to the service of the Privileged Debt and of the Unified Debt shall pay those revenues direct to the Caisse of the Debt, and shall only be relieved by the discharge of the Commissioners of the Debt. But this did not appear to be enough to give the International Tribunals jurisdiction over the persons so accountable (of whom, it was to be observed, the Finance Minister is not one) unless it is otherwise given them.

Her Majesty's Government understand that these views were not put forward in the Court of First Instance in the precise manner which I have suggested, for no reference is made in the Judgment, which deals at length with the arguments used, to that which seems to lie at the very root of the question, viz., that the jurisdiction of the Mixed Tribunals to determine causes instituted against officials of the Government exists only where the person instituting such process is a foreigner; and the Caisse cannot be said to be a foreigner, or foreign subject, seeing that it is the creature of an Egyptian Decree constituting as a Caisse of the Public Debt certain persons who, though "indicated" by foreign Governments as "fit to fill the post," were, nevertheless, "appointed" by the Khedive as "Egyptian officials."

The argument made use of in the Judgment of the Court of First Instance, that acts done by Egyptian officials and the Egyptian Government are *prima facie* within the competence of the Tribunal, and that the special provisions of Article 38 of the Law of Liquidation do not derogate from this general jurisdiction, are all beside the point, if the suit, not being by a foreigner, was one which the Tribunal was, *prima facie*, not competent to entertain. And the incompetence of the Tribunals to entertain otherwise an action by the Caisse seems to explain the introduction of Article 38, giving the Caisse power to bring an action before the Mixed Tribunals against the Government, represented by the Minister of Finance.

Her Majesty's Government observe that the objection to the jurisdiction, resting on the fact that the Caisse cannot be regarded as a foreigner, is not specifically taken in the Notice of Appeal, but it is probably covered by the first objection.

I have to add that the provision, that the Heads of the provinces and Administrations whose revenues are appropriated to the service of the Debt shall only be relieved from payment by a discharge from the Commissioners of the Debt, certainly creates considerable difficulty.

It is clearly inserted for the purpose of securing the arrangement made by the Decree constituting the Caisse. And if it can in no way be enforced by the Caisse, it is difficult to see what effect would be given to it. At the same time, if no power existed in the Caisse to sue before the Tribunals except that created by the Decree and Law of Liquidation, Her Majesty's Government do not see that, in the face of the express provisions of Article 38, any other power could be inferred.

I have to instruct you to communicate these observations to the Egyptian Government.

I am, &c.
(Signed) GRANVILLE.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 15.)

(No. 48. Confidential. Ext. 23.)

My Lord,

Cairo, January 15, 1885.

I TELEGRAPHED to your Lordship to-day that it was understood that on the 18th February the hearing of the suit brought by the Commissioners of the Debt against the Government would be further postponed until the 4th March. This information was based on a private letter from M. Rocca Serra, the Government Advocate, of which I have the honour to inclose a copy.

I may mention that almost simultaneously with the receipt of your Lordship's telegram No. 8 of the 9th instant, M. Le Chevalier was summoned to Alexandria by M. Barrère, who is now living at Ramleh to recruit his health.

So far as can be judged from M. Rocca Serra's letter, it does not appear that M. Le Chevalier was inclined to view favourably the proposal that any long adjournment should take place.

On his return from Alexandria, however, M. Le Chevalier spoke to Mr. Money on the subject, and I gather from Mr. Money's account of the conversation which took place between them, that M. Le Chevalier's attitude was less hostile than might perhaps be inferred from M. Rocca Serra's letter.

M. Le Chevalier told Mr. Money that it would have been possible for him to bring on the hearing of the suit at once, but that, in view of the communication made to him by M. Barrère, he used his influence to procure a delay.

M. Le Chevalier did not say anything to Mr. Money about a delay beyond the 18th February, but he suggested that if any further delay became necessary, it might be desirable to move the Austrian Government to exert its influence in the sense of delay on Baron Vetsera, the Austrian Commissioner.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 56*.

M. Rocca Serra to Tigrane Pasha.

Mon cher Pacha,

Alexandrie, le 14 Janvier, 1885.

JE viens d'adresser au Président du Conseil une dépêche pour lui annoncer que l'affaire de la Dette a été renvoyée au 18 Février. Voici ce qui s'est passé.

Avant l'audience j'ai été trouver le Président à qui, d'ailleurs, Manusardi avait déjà parlé. J'ai demandé le renvoi à une date très éloignée. Le Président m'a répondu qu'il n'était pas possible d'accéder à la demande. Il paraît que Vacher et Martin Sarzeaud avaient déjà fait de nombreuses démarches auprès de lui pour la faire renvoyer d'urgence, et il redoutait une hostilité qui se manifesterait infailliblement. "Mieux vaudrait," nous a-t-il dit, "vous entendre pour faire fixer l'affaire avec vos adversaires, quitte à faire valoir plus tard d'autres raisons pour allonger vos délais."

En conséquence, nous nous sommes aboutis avec le Substitut de Figari, lequel, après avoir pris les instructions de M. Le Chevalier (présent à Alexandrie), a consenti à un renvoi de trois semaines. Nous nous sommes rendus tous les trois chez le Président, et après une longue discussion nous sommes tombés d'accord sur le renvoi à quatre semaines, mais il a été entendu que ce jour-là nous demanderions un renvoi à quinzaine et nous l'obtiendrions. Ceci convenu, nous nous sommes présentés à l'audience, et là, après une légère discussion, l'affaire a été fixée à cinq semaines, c'est-à-dire, au 18 Février. Le Chevalier était furieux. Il est bien entendu que le 18 Février nous aurons encore un renvoi à quinzaine, de sorte que l'affaire viendra en réalité à l'audience du 1 Mars.

J'ai préféré arranger l'affaire de la sorte plutôt que de faire juger la fixation par Cour, qui sans aucun doute aurait reconnu l'urgence et nous aurait fixé l'affaire huitaine.

Je vous serais très obligé, mon cher Pacha, puisque je suis retenu ici pour une ou deux affaires pour la journée de demain, de vouloir bien communiquer tous ces renseignements à son Excellence Nubar Pacha, qui sera satisfait, j'espère, de ces deux mois de répit que nous avons obtenus.

Je saisis, &c.
(Signé) CH. ROCCA SERRA.

14. La Loi de Liquidation sera modifiée de manière à répondre aux propositions ci-dessus et à conférer au Gouvernement Égyptien un pouvoir fiscal plus étendu sur les provinces et Administrations, y compris le pouvoir d'apporter des modifications à l'Administration des Chemins de Fer.

15. Les dispositions ci-dessus, relatives à l'emprunt garanti, aux indemnités, à la suspension de l'amortissement et aux réductions des divers intérêts et des frais de l'Armée d'Occupation, entreront en vigueur à partir du 1^{er} Janvier, 1885, mais l'emprunt garanti servira à couvrir tout déficit dans les trois premières charges grevant le revenu net de 1885, aussi bien que le déficit de l'année 1884.

En ce qui concerne les contre-propositions Françaises, on prétend à Londres qu'elles portent sur tous les points des propositions Anglaises, et qu'elles sont exclusivement d'une nature financière, ne touchant en rien le côté politique de la question Égyptienne.

On dit qu'elles sont très conciliantes, et que la divergence d'opinion des Cabinets de Paris et de Londres porte principalement sur trois questions.

La France, dit-on, demande que l'emprunt soit de 9,000,000*l.* et non de 5,000,000*l.*, afin de subvenir d'un coup à toutes les dépenses, partant de ce point de vue, qu'un emprunt garanti par toutes les Puissances pourra se contracter à de meilleures conditions.

En second lieu, le Cabinet de Paris paraît repousser les Articles 4 et 5 des propositions Anglaises; il désire maintenir séparées l'Administration de la Daïra et celle des Domaines, et il refuse d'admettre que les revenus de la Daïra et des Domaines soient confondus et versés à la Banque d'Angleterre, ce qui détruirait les derniers vestiges du condominium Anglo-Français.

Enfin, on assure que la France propose, au lieu de l'Article 7 des propositions Anglaises, de grever le coupon d'un impôt spécial, ce qui permettrait d'arriver aux mêmes résultats sans imposer aux détenteurs de titres de trop grands sacrifices.

Mais, comme sur bien des points les propositions Françaises concordent avec celles de l'Angleterre, on espère à juste titre, dans les cercles diplomatiques de Londres, qu'une entente ne tardera pas à s'établir entre les deux Puissances intéressées.

No. 54.

Sir E. Baring to Earl Granville.—(Received January 14, 1 P.M.)

(No. 21.)

(Telegraphic.)

Cairo, January 14, 1885, 12:20 P.M.

COURT of Appeal has just put off the hearing of the suit brought by the Commissioners of the Debt till 18th February.

No. 55.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 14.)

(No. 45. Ext. 21.)

My Lord,

Cairo, January 14, 1885.

WITH reference to my despatch No. 1196 of the 31st December, 1884, I have the honour to state that the Alexandria Court of Appeal has adjourned the hearing of the law-suit brought by the Commissioners of the Public Debt against the Egyptian Government until the 18th February.

I have, &c.
(Signed) E. BARING.

No. 56.

Sir E. Baring to Earl Granville.—(Received January 15, 12:30 P.M.)

(No. 23.)

(Telegraphic.)

Cairo, January 15, 1885.

MY telegram No. 21.

It is understood that on 18th February a further postponement will be allowed till 4th March.

No. 57.

*Earl Granville to Viscount Lyons.**(No. 2.)
(Telegraphic.)*Foreign Office, January 15, 1885, 5.15 P.M.*

FOLLOWING is substance of French counter-proposals, confidentially communicated, and believed to be correct:—

1. Pre-privileged loan of 9 millions, at 3½ per cent., guaranteed by all the Powers.
2. No change in Daira and Domains Loans.
3. No reduction of interest, but a small tax on all coupons, if shown to be necessary.
4. Extension of taxation to foreigners.
5. Examination of Egyptian financial situation by an International Commission of Inquiry.
6. Agreement for free navigation and neutrality of Suez Canal.

No. 58.

Viscount Lyons to Earl Granville.—(Received January 16.)

(No. 33.)

My Lord,

Paris, January 15, 1885.

I RECEIVED last evening an unofficial autograph note from M. Jules Ferry, saying that he had the pleasure to inform me that the affair of the Caisse de la Dette had been called up in the Court of Appeal that morning, and had, by common accord, been postponed for five weeks, that is to say, till the 18th February.

I have this morning had the honour to receive your Lordship's Confidential despatch No. 34 of yesterday, inclosing a copy of a telegram to the same effect, which you had received on that day from Sir Evelyn Baring.†

I have, &c.
(Signed) LYONS.

No. 59.

Sir J. S. Lumley to Earl Granville.—(Received January 16, 8 A.M.)

(No. 6.)

(Telegraphic.)

Rome, January 16, 1885, 12.5 A.M.

RUSSIAN Ambassador left with Italian Minister for Foreign Affairs copy of despatch from M. de Giers of 8th instant, recording circumstances attending demand of Russian and German Governments for admission to Egyptian Treasury Commission, stating that although decision on that subject depended on Khedive, he could not take it before an understanding was come to by the Powers represented on the actual Commission; the Russian Government could no longer abstain from direct participation in the international supervision exercised by other Great Powers.

But before taking ulterior measures [?] thought it right to [? ask] Italian Government if it took same view as the Khedive, and if in that case it considered the claim of the Governments of Russia and Germany to be just.

A similar communication will be made [?] to the Minister for Foreign Affairs by the German Ambassador.

No. 60.

Earl Granville to Sir E. Baring.

(No. 13.)

(Telegraphic.)

Foreign Office, January 16, 1885, 5.25 P.M.

YOUR telegram No. 19.

Blum Pasha suggests that a communication should be addressed to the Caisse admitting the liability, and engaging to pay the sum before the 25th April, so that it will be available for the next coupon. This has been done before, and would be no injury to the bondholders.

* Also to Sir E. Baring (No. 12).

† No. 31, January 14, 1884.

I approve of such a communication.

But Lord Lyons reports confidentially that any disagreement with the Caisse at this moment would seriously affect the general negotiation.

No. 61.

Earl Granville to Sir E. Baring.

(No. 19. Ext. 13.)

Sir,

Foreign Office, January 16, 1885.

I HAVE received your telegram No. 19 of the 12th instant, informing me that the Caisse are about to close their accounts for the past year, and have called upon the Egyptian Government to pay to them 80,000l. on account of Moukabala compensations.

Blum Pasha, whom I have consulted on the subject, has suggested that a communication should be addressed to the Caisse by the Ministry of Finance, admitting the liability of the Egyptian Government, and engaging to pay the sum in question before the 25th April, so that it will be available for the next coupon. This has been done before, and would cause no injury to the bondholders.

Her Majesty's Government approve of a communication being made to the Caisse in accordance with this suggestion.

Her Majesty's Ambassador at Paris has reported confidentially that any disagreement with the Caisse at the present moment would seriously affect the general negotiations.

I am, &c.
(Signed) GRANVILLE.

No. 62.

Earl Granville to Viscount Lyons.

(No. 41.)

My Lord,

Foreign Office, January 16, 1885.

I HAVE received your Excellency's despatch No. 20 of the 9th instant, informing me that M. Jules Ferry had promised that, so far as might be possible, he would use his influence at Cairo to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government.

I have to request your Excellency to express to M. Ferry the satisfaction with which Her Majesty's Government have received this intelligence, both as tending to remove a danger to a friendly settlement, and as showing the disposition of the French Government to be favourable to a satisfactory understanding.

I am, &c.
(Signed) GRANVILLE.

No. 63.

Earl Granville to Mr. Nicolson.

(No. 3.)

Sir,

Foreign Office, January 16, 1885.

I TRANSMIT to you herewith copies of two despatches from Her Majesty's Agent and Consul-General in Egypt, reporting conversations with the Greek Consul-General on the subject of the proposed demonstrations at Alexandria in connection with the non-payment of the indemnities.*

Sir E. Baring states that M. Byzantios promised to endeavour to dissuade his countrymen from taking part in any public demonstrations of this nature, and that his influence appears to have had the desired effect.

I have to instruct you to express to the Greek Government the thanks of Her Majesty's Government for the action taken by M. Byzantios in this matter.

I am, &c.
(Signed) GRANVILLE.

* Sir E. Baring, No. 177, December 27; ditto, No. 1198, December 31, 1884.

[Sir E. Malet to Earl Granville.—(Received January 17.)

(No. 7.)

(Telegraphic.)

Berlin, January 16, 1885.

A REPLY to proposals of Her Majesty's Government with regard to Egyptian finance has been sent by the German Government to your Lordship through Count Münster. As far as I can gather, it is similar to that made by the French Government.

No. 65.

Sir E. Baring to Earl Granville.—(Received January 17, 5.45 P.M.)

(No. 24.)

(Telegraphic.)

Cairo, January 17, 1885, 5.15 P.M.

SOME inflammatory notices have been printed, but not yet published, at Alexandria inviting public demonstration to-morrow about indemnities. Everything possible is being done to prevent its taking place, and with a fair hope of success. The Consuls-General, especially Greek and Italian, who are the most important, are co-operating to prevent the demonstration.

No. 66.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 17.)

(No. 51. Ext. 24.)

My Lord,

Cairo, January 17, 1885.

IN my despatches Nos. 1180 and 1198 of the 28th and 31st ultimo, I acquainted your Lordship with the proposal to hold a public demonstration at Alexandria on the subject of the indemnities, and with the efforts of the Greek Consul-General to prevent it.

This morning I received intelligence that some inflammatory notices have been printed at Alexandria, but not yet published, inviting the demonstration for to-morrow, and I shortly afterwards received a telegram from Mr. Cookson, copy of which I have the honour to inclose, informing me of the measures he was taking to prevent it. I approved Mr. Cookson's action, and at once called upon my French, German, Austrian, Russian, Italian, and Greek colleagues, and asked them to instruct their Consuls at Alexandria to co-operate with him. This they have all agreed to do, especially the Greek and Italian Consuls-General, whose influence is, by reason of the size of their respective Colonies, the most important.

I have, &c.

(Signed) E. BARING.

Inclosure in No. 66.

Consul Cookson to Sir E. Baring.

(Telegraphic.)

Alexandria, January 17, 1885.

NOTICE printed, but not yet posted, of an indemnity demonstration for to-morrow; language inflammatory, but no threats or mention of violence. The Italian Consul prepared to act with me. Have seen Governor, and advised him to obtain from the Commission for protection of interest of indemnities a counter-notice advising them to abstain from the demonstration, which I have reason to believe they will consent to do, and a similar notice from all the other Consuls, but only if these last are unanimous. Do you approve? and have you any other instructions? It is desirable to see your colleagues, in order that they may send instructions to their Consuls here. I do not apprehend violence, but have warned General Lennox. Dispatched by this evening's post.

M. Waddington to Earl Granville.—(Received January 17.)

M. le Comte,

Londres, le 17 Janvier, 1885.

VOUS avez bien voulu communiquer, à la date du 29 Novembre dernier, à M. Jules Ferry, un Mémoire contenant une série de propositions relatives au règlement des finances Égyptiennes et à la modification de la Loi de Liquidation. En dehors des difficultés inhérentes à ces graves questions, les exigences de la Session Parlementaire, qui s'est prolongée jusqu'à la fin de l'année dernière et qui a occupé tous ses moments, ont empêché M. Ferry de répondre aussitôt qu'il l'eût désiré à votre importante communication. Après une longue et minutieuse étude des propositions du Gouvernement de Sa Majesté Britannique, M. le Président du Conseil est demeuré convaincu que, pour arriver à une entente également souhaitée par les deux Gouvernements, le meilleur moyen n'était pas de les discuter isolément l'une après l'autre et qu'il serait préférable d'établir, en s'inspirant de quelques vues générales, un nouveau projet d'ensemble, répondant autant que possible aux nécessités diverses et complexes qui dominent la situation présente des affaires Égyptiennes. C'est ce travail que je suis chargé de soumettre aujourd'hui à votre Seigneurie.

Le Mémoire du 29 Novembre paraît avoir été inspiré surtout par deux ordres de considérations :—

1. La nécessité, imposée par l'état du Budget Égyptien, d'alléger la dette du pays en faisant supporter à ses créanciers une diminution d'intérêts, comme une part dans les sacrifices jugés indispensables par le rétablissement de l'ordre financier. Ainsi s'explique la proposition de réduire de $\frac{1}{2}$ pour cent les intérêts de la Dette Unifiée et de la Daïra.

2. L'obligation de pourvoir d'une façon régulière aux charges immédiates qui s'imposent à l'Égypte, et qui forment deux groupes distincts : d'une part, la dette flottante, les travaux d'irrigation, &c.; d'autre part, les indemnités réglées par la Commission d'Alexandrie.

Sur le premier point, des divergences subsistent entre l'Angleterre et la France. Il n'est pas démontré pour le Gouvernement Français, que les revenus de l'Égypte ne suffisent pas à couvrir les charges normales et qu'il soit nécessaire d'imposer aux créanciers un nouveau sacrifice. Ce sont précisément ces divergences qui ont fait échouer la Conférence de Londres. La mission de Lord Northbrook, bien que conduite avec le plus sincère désir d'arriver à la vérité, n'a produit aucun élément décisif de nature à entraîner la conviction et à trancher définitivement le débat. On ne voit donc d'autre issue qu'une nouvelle enquête contradictoire, poursuivie dans des conditions qui satisfassent tous les intéressés et dont les conclusions s'imposent. L'idée, d'ailleurs, en avait été admise à la Conférence de Londres par les Représentants du Gouvernement de la Reine. A notre sens cette enquête pourrait être confiée à un Comité composé des membres de la Commission de la Dette, auxquels s'adjoindraient les Agents Diplomatiques au Caire des Grandes Puissances. Il est bien entendu que la Commission de la Dette serait préalablement complétée par un Représentant de l'Allemagne et par un Représentant de la Russie. Les résultats d'une étude ainsi conduite ne permettraient pas seulement de vérifier si les créanciers doivent consentir une nouvelle réduction de leurs créances; ils fourniraient aussi les renseignements nécessaires pour déterminer les modifications définitives qu'il peut y avoir lieu d'apporter à la Loi de Liquidation, modifications dont il est impossible aujourd'hui d'apprécier l'utilité et l'étendue.

Quelles que soient d'ailleurs la compétence spéciale et l'activité des membres de ce Comité, il est certain que l'enquête exigerait un certain temps, et qu'elle ne fournirait pas un moyen immédiat de remédier à la situation présente. Pour écarter cette objection et par déférence pour l'opinion du Gouvernement Britannique, nous ne refuserions pas de faire participer, au moins provisoirement, les créanciers de l'Égypte aux charges de la liquidation actuelle. On pourrait, par exemple, consentir à un impôt de 5 pour cent sur les coupons de toutes les dettes dont les titres sont entre les mains des particuliers, c'est-à-dire, la Privilégiée, l'Unifiée, celles des Domaines, et de la Daïra; cet impôt produirait £ E. 199,750. Il serait d'ailleurs convenu qu'il serait rapporté et qu'on tiendrait compte aux porteurs des titres des sommes versées par eux, si l'enquête démontrait que les revenus de l'Égypte sont suffisants et dispensent d'imposer ce sacrifice aux créanciers. A cette ressource viendrait s'ajouter la réduction de $\frac{1}{2}$ pour cent que l'Angleterre propose elle-même sur l'intérêt des actions du Canal de Suez, dont elle s'est rendue propriétaire et qui sont restées entièrement entre les mains du Gouvernement.

Quant au second point signalé plus haut, personne ne conteste la nécessité d'un emprunt, ni les avantages d'une garantie étrangère, qui relèverait le crédit de l'Égypte et lui permettrait d'emprunter au meilleur taux. Toutes les Puissances sont intéressées à ce résultat, comme à tout ce qui peut contribuer au rétablissement de l'équilibre financier et à la prospérité générale de l'Égypte. Dans cet ordre d'idées on ne comprendrait pas que la même méthode ne fût pas appliquée à toutes les charges nouvelles que les événements ont imposées à l'Égypte et pour lesquelles il est nécessaire de créer des ressources extraordinaires. Pourquoi recourir à une nouvelle émission de titres de la Dette Privilégiée pour le paiement des indemnités d'Alexandrie et procurer ainsi au taux de 5 pour cent des fonds qui peuvent être obtenus à 3½ pour cent au moyen d'un emprunt garanti? Il est de beaucoup préférable et plus simple de porter tout de suite à 9,000,000/ le montant de l'emprunt à émettre, en y attachant la garantie collective des Puissances. Dans ces conditions l'emprunt serait facilement émis à 3½ pour cent et n'aurait besoin ni de gage spécial, ni de fonds d'amortissement. La valeur des titres des autres dettes égyptiennes gagnerait certainement à cette opération, et les créanciers y trouveraient ainsi une première et sérieuse compensation. Quant à la garantie elle-même, on peut dire qu'elle serait absolument nominale, et qu'elle n'imposerait aucune charge effective aux Puissances garantes; car le service du nouvel emprunt viendrait en première charge sur le budget des dépenses, et se chiffrerait par une annuité d'environ 315,000/ à prendre sur des recettes dont le total dépasse 9,000,000/.

Les Dettes Privilégiée et Unifiée et l'intérêt des actions de Suez constitueraient la seconde charge du Budget Égyptien. Nous admettons d'ailleurs, comme le propose le Mémoire du 29 Novembre, la suspension de l'amortissement de toutes les dettes, cet amortissement ne devant être repris qu'au cas où il existerait un excédant réel de recettes après qu'il aurait été pourvu au service des intérêts et aux dépenses de l'Administration.

La troisième charge comprendrait, conformément à vos propositions (Mémoire, Article 8), les frais d'administration fixés par Lord Northbrook à £ E. 4,678,000, plus une somme de £ E. 150,000 pour la Moukabalah, et un autre de £ E. 120,000 pour les dépenses de l'Armée Anglaise d'Occupation; soit un total de £ E. 4,948,000. Parmi les modifications à introduire dans le régime actuel de l'Égypte et comme moyens de procurer au Trésor Égyptien de nouvelles ressources, le Mémoire propose d'étendre aux étrangers certains impôts dont ils sont actuellement exemptés en droit ou en fait. Cette proposition est justifiée à tous égards. Il ne serait ni équitable, ni politique, de maintenir une semblable distinction entre les étrangers et les indigènes et de négliger une source de revenus annuels qui ne doivent pas être évalués à moins de £ E. 100,000. Les difficultés de recouvrement ont arrêté les premières tentatives faites pour appliquer ce système; mais elles ne sont pas insurmontables et la solution pratique du problème sera certainement trouvée, si l'accord s'établit à ce sujet entre les Puissances.

En ce qui concerne la Daïra et les Domaines, le Gouvernement de la République ne croit pas qu'il y ait lieu d'en modifier actuellement le régime, ainsi que le propose le Mémoire du 29 Novembre. Au point de vue financier il n'existe aucun avantage à ce que l'Emprunt Domaniale soit fondu avec la Dette Privilégiée et l'Emprunt de la Daïra avec la Dette Unifiée. Au point de vue administratif, les inconvénients qui résultent de l'indépendance relative des Administrations des Domaines et de la Daïra sont largement compensés par les garanties que présentent ces mêmes Administrations. L'expérience des cinq dernières années est décisive à cet égard. De plus, la France, comme l'Angleterre, est liée, sous ce rapport, par des engagements spéciaux. Il suffirait donc de faire contribuer la Daïra et les Domaines aux sacrifices communs qui seraient reconnus nécessaires, en les soumettant comme les autres dettes à l'impôt et à la suspension de l'amortissement.

Telles sont les principales conclusions auxquelles une étude attentive de la situation de l'Égypte et du Mémoire communiqué par votre Seigneurie a conduit le Gouvernement Français. Sur plus d'un point ses propositions concordent, et se confondent même avec celles du Gouvernement de la Reine; elles sont combinées de manière à pourvoir aux nécessités les plus urgentes, tout en ménageant les moyens d'arriver par une voie sûre au rétablissement définitif de l'ordre financier. On peut, d'ailleurs, en apprécier les effets en parcourant l'exposé sommaire ci-joint du Budget Égyptien, établi sur les bases indiquées plus haut, tout en admettant les évaluations de recettes et les dégrèvements d'impôt consignés dans le Rapport de Lord Northbrook.

				£ E.
Ce budget se monte en recettes à la somme de	..	..	..	9,570,750
Et en dépenses à celle de ..	..	..	..	9,425,125
Il se solde par un excédant de recettes de				145,625

Ce résultat prouve que les modifications proposées par la France sont à la fois efficaces et plus que suffisantes.

En se prêtant à un accord dans les conditions qui viennent d'être exposées, le Gouvernement de la République témoigne de l'esprit de conciliation qui l'anime, et de son désir sincère de faciliter au Gouvernement de Sa Majesté Britannique l'accomplissement de l'œuvre de réorganisation à laquelle il consacre ses efforts. Toutefois, le rétablissement de l'ordre financier et administratif en Égypte n'est pas la seule question dont le règlement s'impose dès maintenant à la sollicitude des Puissances. Il en est d'autres qui présentent un caractère égal d'urgence, et qui affectent au plus haut degré leurs intérêts. Le Gouvernement de la République, confiant dans les sentiments de justice et de bonne entente qui ont toujours animé le Gouvernement de la Reine, compte qu'il consentira à en aborder le plus tôt possible l'examen. Parmi ces questions, vient en première ligne l'établissement d'un régime définitif destiné à garantir, en tous temps, à toutes les Puissances, le libre usage du Canal de Suez. L'étude de ce grand problème Européen pourrait être abordée, dès à présent, par voie de Conférence ou autrement, et sans attendre l'issue de l'enquête proposée sur la situation financière.

L'urgence n'a pas besoin d'en être démontrée. Un accord intervenant à ce sujet serait une juste compensation des sacrifices financiers que les Puissances sont disposées à imposer à leurs nationaux; il constituerait surtout un gage certain de stabilité et de paix pour l'avenir. Le Gouvernement de la République est convaincu que le Gouvernement de la Reine ne refusera pas son assentiment à une proposition dont le principe a été posé avec tant de netteté et de loyauté par les dépêches de votre Seigneurie en date du 3 Janvier, 1883, et du 16 Juin, 1884.

Veillez, &c.
(Signé) WADDINGTON.

Inclosure in No. 67.

Projet de Budget établi d'après les Propositions Françaises.

RECETTES.

	£ E.	£ E.
Les évaluations des recettes de Lord Northbrook s'élèvent à	...	8,910,000
La note du Gouvernement Anglais qui précède les extraits de son Rapport propose d'y ajouter le produit présumé des impôts dûs par les étrangers, soit	100,000	
Et d'en déduire pour suppression ou réduction de diverses taxes*	63,000	
Reste	...	37,000
Il y a lieu d'y ajouter:—		
(a.) Le produit de l'impôt de 5 pour cent sur le montant des coupons, soit sur l'intérêt—		
De la Privilégiée	1,091,000	
De l'Unifiée...	2,184,000	
De la Daira...	341,000	
(y compris la Daira Khassah)		
De la Dette Domaniale	379,000	
Total...	3,995,000	
Soit, à 5 pour cent	...	199,750
(b.) Le produit des terres, des Domaines, et de la Daira évalué par la Comité Financier Anglais à la Conférence de Londres à	524,000	
Et par Lord Northbrook à	...	424,000†
Total des recettes	...	9,570,750

Le présent projet de budget est établi d'après les évaluations de Lord Northbrook et du Gouvernement Anglais sans aucune modification. Plusieurs de ces évaluations sont cependant essentiellement contestables. Il ne faut notamment pas perdre de vue:—

1. Que la nécessité d'une réduction de l'impôt foncier (réduction portée par Lord Northbrook à £ E. 450,000) a été contestée par l'unanimité des conseillers financiers étrangers (séance de la Commission financière du 12 Juillet, 1884).

2. Que, dans la séance du 17 Juillet, les Délégués Anglais ont reconnu que l'évaluation des retenues pour pensions devait être augmenté de £ E. 15,000. (L'évaluation primitive de £ E. 60,000 maintenue d'ailleurs par Lord Northbrook résultait d'une simple faute de calcul de £ E. 30,000.)

3. Que dans sa note du 26 Juillet, 1884 (voir Protocoles de la Conférence, p. 28), Sir E. Baring reconnaissait que les évaluations de recettes des chemins de fer pouvaient être élevées de £ E. 80,000 à condition d'augmenter les prévisions de dépenses dans la proportion de 45 pour cent de l'accroissement des recettes.

Lord Northbrook n'a admis qu'une augmentation de £ E. 51,000.

	£ E.
* Droits d'exportations	20,000
Droits de navigation	35,000
Droit sur les marchés	8,000
Total	63,000

† Les charges auxquelles doivent actuellement pourvoir les Administrations de la Daira et des Domaines, sont:—

	£ E.
1. Intérêt de la Dette Domaniale	379,000
2. Intérêt de la Dette Daira	341,000
3. ½ pour cent d'amortissement de la Dette Domaniale	38,000
Total	758,000

	£ E.
D'après le Rapport de Lord Northbrook le revenu des terres augmenté de la subvention de la Daira Khassah	34,000
Sera inférieure de £ E. 300,000 au total des charges (la Conférence avait évalué le déficit à £ E. 200,000)	334,000
Le revenu des propriétés est donc évalué à	424,000

DÉPENSES.*

	£ E.	£ E.
Dette nouvelle, 9,000,000L., à 3½ pour cent, 315,000L., ou	...	307,125
Dette Privilégiée—		
Privilégiée actuelle	1,091,000	
Domaniale	379,000	
	1,470,000	
Dette Unifiée—		
Unifiée actuelle	2,184,000	
Daira	341,000	
	2,525,000	
Actions de Suez (intérêt réduit à 4½ pour cent)	...	175,000
Dépenses administratives	4,678,000	
Moukabalah	150,000	
Armée d'Occupation	120,000	
	4,948,000	
	9,425,125	

RÉSUMÉ DU BUDGET.

	£ E.
Recettes	9,570,750
Dépenses	9,425,125
Excédant des Recettes	145,625

On arrive à cet excédant de recettes après avoir, conformément aux propositions Anglaises, augmenté de £ E. 151,000 le chiffre des dépenses administratives arrêté par la Commission de Liquidation, dégrevé de £ E. 450,000 l'impôt foncier, tout en affectant £ E. 1,000,000, aux travaux d'irrigation, supprimé £ E. 63,000 de taxes diverses, enfin, atténué dans une proportion assez sensible certaines autres prévisions de recettes.

No. 68.

Earl Granville to Viscount Lyons.

E
(No. 54.)
My Lord,

Foreign Office, January 17, 1885.

THE French Ambassador called upon me at the Foreign Office this afternoon, and placed in my hands a note containing the counter-proposals of his Government for the settlement of the finances of Egypt.

M. Waddington said that he had hoped to be able to deliver this paper to me yesterday, but that it had been impossible, as he had been obliged to telegraph to Paris for explanations on certain points.

I gave his Excellency no reply, beyond saying that it was an important paper, which I would at once bring before my colleagues. I added that I might perhaps have to ask him for some further information.

I am, &c.
(Signed) GRANVILLE.

P.S.—Copy of the note in question, and of its inclosure, is annexed.†

G.

* Lord Northbrook évalue le montant des charges auxquelles l'emprunt doit faire face (non compris le déficit de 1885) à £ E. 9,208,000, d'où il déduit à titre de ressources réalisables (apparemment le reliquat de la liquidation et le produit des ventes des terres libres) £ E. 1,390,000; reste, £ E. 7,818,000.

En supposant l'emprunt de 9,000,000L., soit £ E. 8,775,000, on couvre selon toute probabilité le déficit de 1885 et on assure le service de la Trésorerie dans les conditions qui semblent indiquer la note qui précède le Rapport.

† See No. 67.

Sir E. Baring to Earl Granville.—(Received January 18, 5 P.M.)

(No. 26.)

(Telegraphic.)

Cairo, January 18, 1885, 1.45 P.M.

MY telegram No. 24.

British Consul at Alexandria telegraphs demonstration complete failure. All over without the least disturbance or excitement.

No. 70.

Sir E. Malet to Earl Granville.—(Received January 18.)

(No. 8. Confidential.)

(Telegraphic.)

Berlin, January 18, 1885, 9.54 P.M.

ITALIAN Ambassador informs me that French Ambassador at Rome has communicated the Egyptian counter-proposals, and has asked that the Italian Government will use its good offices to induce Her Majesty's Government to accept them, saying that concurrence of the three Empires is as good as given.

Italian Minister for Foreign Affairs replied that good offices could only be rendered if agreeable to both sides.

Italian Ambassador observed that Italy had been excluded from previous concert on the subject, and he says that Prince Bismarck is showing much irritation towards his Government on account of their leaning to England.

He attributes the action of Germany in concurring in the counter-proposals previous to an agreement with England to retaliation for our preventing admission of German and Russian Representatives to Treasury of Public Debt.

No. 71.

Sir E. Malet to Earl Granville.—(Received by telegraph, January 18.)

(No. 33. Confidential. Ext. 8.)

My Lord,

Berlin, January 18, 1885.

I HAVE the honour to report that Count de Launay, the Italian Ambassador at this Court, has informed me that the French Ambassador at Rome has communicated the counter-proposals respecting Egyptian finances to Signor Mancini, and has asked that the Italian Government will use their good offices to induce Her Majesty's Government to accept them, saying that the concurrence of the three Empires to the French proposals is as good as given.

Signor Mancini replied that good offices could only be rendered if agreeable to both parties.

Count de Launay observes that Italy has been excluded from previous concert with the other Powers on the subject, and his Excellency adds that Prince Bismarck is showing much irritation towards the Italian Government on account of the support they have given to Her Majesty's Government.

His Excellency is of opinion that the action of the Imperial Government in concurring in the counter-proposals of the French Cabinet with regard to Egyptian finance, before any agreement has been come to on the matter between England and France, is a measure of retaliation on the part of Prince Bismarck, in consequence of the refusal of Her Majesty's Government to admit Representatives of Germany and Russia to the Treasury of the Egyptian Public Debt.

I have, &c.

(Signed) EDWARD B. MALET.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 18.)

(No. 53. Ext. 26.)

My Lord,

Cairo, January 18, 1885.

IN continuation of my despatch No. 51 of yesterday's date, I have the honour to inclose a copy of a despatch from Mr. Cookson on the subject of the demonstration of "indemnitaires" which it was proposed to hold to-day.

I have this morning received a telegram from him stating that the demonstration was a complete *fiasco*, and passed off without the least disturbance or excitement.

I have, &c.

(Signed) E. BARING.

Inclosure 1 in No. 69*.

Consul Cookson to Sir E. Baring.

Sir,

Alexandria, January 17, 1885.

I HAVE the honour to inform you that this morning I received a visit from M. Macchiavelli, the Italian Consul here, informing me that a demonstration on the part of the "indemnitaires" is intended for to-morrow. He told me he had already seen the representatives of the Italian Workman's Fund, and some of the most influential of his colony, and that they had promised to abstain from taking any part in the demonstration. I immediately sent for Colonel Baker, the Chief of Police, and went with him to see the Governor. I found his Excellency already informed on the matter, and he showed me the Notice (of which I inclose a copy) convoking the meeting.

This, it appears, has been in circulation since this morning.

After conferring with his Excellency and M. Macchiavelli and Colonel Baker, I proposed, firstly, that the Committee appointed by a general meeting to watch over the interests of the "indemnitaires" be invited to issue a counter-notice pointing out that it is not in the interests of these last to prejudice their cause by appeals to the passions of the populace. Secondly, that his Excellency the Governor call on all the Consuls and ask them to issue a Notice in the same sense, but that this be done only if all the Consuls agree to it.

M. Macchiavelli has since told me that he has seen M. Manusardi, the President of the Committee for the "indemnitaires," and that he will propose to his colleagues to take the opportunity of communicating the reply just received to the appeal they had made to Prince Bismarck, for recommending their continuance in the calm attitude which those interested at Alexandria have hitherto preserved.

I have also seen M. Boufidis, the Greek Vice-Consul, and asked him to use his influence to prevent his "administrés" from joining in the demonstration. He seemed very much disposed to act in concert with me, but he wished to telegraph to M. Byzantios, the Consul-General, who is in Cairo.

It does not appear to me to be in the least desirable to prevent the demonstration by force, but only to be prepared to prevent its leading to disorder.

I have, &c.

(Signed) CHAS. A. COOKSON.

Inclosure 2 in No. 69*.

Notice.

(Translation.)

EUROPEAN COLONIES OF ALEXANDRIA.

TWO years have already elapsed, and the Indemnity question has, as yet, had no solution.

Distress has generated misery. The commercial crisis increases, and threatens to take the proportions of a public disaster.

The non-payment of the indemnities is a flagrant injustice—a violation of the right of nations, a crime against humanity.

We have had too much patience and too much moderation.

The Tribunals have declared themselves incompetent to render us justice; they, however, continue to give Judgments against us, to grant sequestres against us, and execute Judgments upon us.

The hour for manly resolutions has come! We have nothing left but to act for ourselves.

Let us appeal again to our Governments by a fresh demonstration.

Let us all meet, men, women, children, next Sunday at 10 o'clock A.M. at the street of the Bourse of Alexandria.

Our meeting and our attitude will show the proper quarter that we will have the immediate payment of what is due to us!

May our Governments hear the cry of a population in anguish!

No. 72.

Prince Bismarck to Count Münster.—(Communicated to Earl Granville by Count Münster, January 19.)

(Translation.)

Berlin, January 14, 1885.

YOUR Excellency is aware, from my former communications, that I thought it necessary, before giving an answer to the English Memorandum of the 29th November, previously to ascertain what impression the proposals regarding Egypt would make upon the German bondholders, and to learn the views of the Imperial Consuls and other Germans in Egypt able to form a judgment on such matters.

I wished also to sound the other Cabinets before I could undertake to lay before His Majesty the Emperor proposals about the reply to be given to the English communication.

These preliminary steps having now come to a conclusion, I transmit to you, Excellency their results in the accompanying résumé, and I have to acquaint you in this despatch with our views, as sanctioned by His Majesty.

The question whether the state of the finances of Egypt is such as to necessitate interference with the rights of her creditors by reduction of their interest has not been answered decisively, either through the negotiations of the London Conference or by the English communication of the 29th November.

The English view that such a sacrifice of the interest of the creditors could not be avoided is in contradiction, not only with the opinion of the latter, but also with the views of the authorities in Egypt, whom we have questioned on the subject, and with the views not only of the French Government, but also of most of the other Governments. The fact that the inclination has repeatedly been expressed on the part of England to reduce one of the sources of income in Egypt, viz., the land-tax, by half-a-million sterling, is a sufficient proof that the Egyptian finances are in all probability perfectly able to meet all their requirements. The ultimate agreement of the Powers might be materially facilitated, if that question were more clearly elucidated by an "enquête" instituted on the spot by experts named by mutual consent. But, even if by such an inquiry the opinion of England as to the insufficiency of the Egyptian revenue to fulfil the engagements of the country towards its creditors should be confirmed, it would still remain a question whether a financial equilibrium shall be obtained by a forced reduction of interest, and not rather by opening new sources of income for the Egyptian Exchequer through the subjection of foreigners to taxation. Even a special tax on coupons would be a less dangerous expedient than the forced reduction of interests fixed by Treaty, which would be a commencement of, and a precedent for, further measures, leading to partial or total national bankruptcy.

If, however, the urgent necessity of providing funds immediately should be acknowledged, a new loan for that purpose could not, indeed, be avoided. Should it be impossible to raise such a loan without European guarantee, the sole responsibility of that loan would be more than the other interested Powers are entitled to expect from England. The interest in the future of Egypt, in the maintenance of order there, in the protection of property of the different European nations in Egypt, and in the use of the Suez Canal, is not exclusively English, but concerns almost all European nations in a degree that forbids them to regard with indifference fresh convulsions in Egypt. The majority of the European nations are not only interested in the Egyptian debt, the payment of the interest whereof depends on a settled state of affairs, but are also directly concerned in the revenue of the land and its resources, and the Suez Canal forms at present for all nations the highway to Eastern Asia and the South Sea. It, therefore, will hardly be possible for the European Powers to give up for the future participation in the supervision of Egyptian affairs. We had formerly hoped that, as England and France for a time had conjointly taken care of European interests and protected them, so England alone, after having interfered independently in Egypt, would undertake the same duty, and would look upon herself as representing the common interests of Europe for the future.

Your Excellency is aware that no more than two years ago I expressed my conviction that, in this respect also, there was no necessity for Germany to give expression to our confidence in England, and our good relations with her in this question, if England would assume, alone, those duties which are inseparable from a European mandate of the character described. That this, however, is not to be expected for any length of time we may with certainty conclude from the attitude of the English

Government in Egypt until now, and more especially from the repeated declarations of Her Majesty's Government, that they wished to make an end to the occupation as soon as possible. It is by this fact that the stability of public order in Egypt, in the maintenance of which all nations carrying on business there are interested, is seriously imperilled. It is quite uncertain what will be the state of the country after Her Majesty's Government have accomplished their intention of evacuating it, and the other Powers have too great an interest in the state of affairs in Egypt to permit them, after the experiences of the past, to renounce all participation in the re-establishment of proper guarantees. Besides, we begin to doubt whether England, by her occupation, intended also to protect other than English interests, since we have not succeeded in obtaining the consent of the British Government to the participation of Germany and Russia in the Commission of Debt.

If, however, the necessity of participation in the future organization of the country is common to the European Powers, it would be fair that those burdens which are inseparable from the common task should be borne in common by all the Powers. I consider the principal point to be the guarantee, without which a loan could not be raised for Egypt at present.

These are the reasons which prompt me to request your Excellency to ascertain generally, and without prejudice to the discussion of details, Lord Granville's opinion as to the following proposals:—

1. Joint investigation of the state of Egyptian finances and of their power to meet requirements by an "enquête" in Egypt by experts representing all the Powers.

2. The Powers to come to an agreement for a joint guarantee of the loan necessary for Egypt at the present moment, similar to the guarantee which was given for the regulation of the navigation of the Danube, and previously by certain Powers in favour of Greek loans.

3. Measures to secure the navigation of the Suez Canal, and free traffic on the same in time of war and peace by joint Treaty of the Powers, with the participation of the Sultan in his quality of Sovereign of the country.

Your Excellency will communicate to Lord Granville the foregoing exposition of our views, and leave with him, if he should wish it, this despatch, or a translation of it, as an *aide-mémoire*. Your Excellency may use the accompanying résumé of the results of our preliminary inquiries, as far as it seems necessary to support our views, and you may give to Lord Granville, verbally or in writing, any communication contained therein that may interest his Lordship. I should be glad if our views were so far favourably received by Her Britannic Majesty's Secretary of State, that his opinion upon them might lead to more detailed discussions which would facilitate an agreement between us and the other Powers concerned.

(Signed) v. BISMARCK.

No. 73.

E Sir E. Thornton to Earl Granville.—(Received January 19.)
(No. 9.)

My Lord,

St. Petersburg, January 15, 1885.

WITH reference to Sir E. Malet's despatch No. 3, Confidential, of the 3rd instant, and Sir Evelyn Baring's telegram No. 15 of the 10th instant, I have the honour to inform your Lordship that M. de Giers yesterday told me that he had addressed a Circular to the Russian Representatives to the Great Powers respecting the admission of a Russian Member into the Commission of the Debt in Egypt. The argument made use of in the Circular was that this step might be taken by means of a Decree of the Khedive, and that the previous consent of the Powers, parties to the Law of Liquidation, was not necessary.

M. de Giers added that this Circular had been sent to the Russian Ambassador in London, with instructions to communicate its contents to your Lordship, and that he understood that, in your absence, they had been made known to Sir Julian Pauncefote. His Excellency did not admit that any other Circular upon this subject had been addressed to the Russian Representatives to the Great Powers.

I have, &c.

(Signed) EDWD. THORNTON.

No. 74.

Sir J. S. Lumley to Earl Granville.—(Received January 19.)

(No. 8.)

(Telegraphic.)

Rome, January 18, 1885.

EGYPTIAN finance.

French Ambassador, in presenting French counter-proposition to Italian Minister for Foreign Affairs, said that French Government hoped that Italy would adhere to it, as Germany, Austria, and Russia had already done, and stated that M. Grévy, wishing to give a proof of confidence in the Italian Government, hoped that they would employ their good offices as they had already done in London, by endeavouring to smooth differences between the two projects. Italian Minister for Foreign Affairs remarked that the adhesion of Italy had only been asked after the terms of the counter-proposition had been settled with the other Powers, and, in thanking for confidence expressed in M. Grévy's request, declined it, saying that such a request could only be taken into consideration when presented by both parties.

Pressed for early reply, Italian Minister for Foreign Affairs would be glad to know decision of Her Majesty's Government as soon as possible.

No. 75.

Sir E. Baring to Earl Granville.—(Received January 19, 4.15 P.M.)

(No. 29.)

(Telegraphic.)

Cairo, January 19, 1885, 3.20 P.M.

MY telegram No. 798 of 31st December: Domains deficit.

Rowsell informs me that in estimate for 1884 Domains sinking fund was accidentally omitted. Estimated deficit should have been 217,000l., and not 172,000l., making total Domains and Daïra deficit for last year, after payment of taxes, 377,000l.

No. 76.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 19.)

(No. 58. Ext. 29.)

My Lord,

Cairo, January 19, 1885.

I HAVE the honour to report to your Lordship that Mr. Rowsell informs me that in the estimate of the Domains deficit for 1884, which I forwarded to your Lordship in my despatch No. 1201 of the 31st December, the Domains sinking fund was accidentally omitted.

The estimated deficit should have been 217,000l., and not 172,000l., making the total Domains and Daïra deficit for 1884, after payment of taxes, 377,000l.

I have, &c.

(Signed) E. BARING.

No. 77.

Memorandum communicated by Count Károlyi, January 19, 1885.

IT has taken the Imperial and Royal Government a longer time to frame their reply to the English proposals of the 29th November, partly because the complicated matter required mature reflection, partly because it was necessary to arrive at an understanding on the essential points with the different Powers by a confidential exchange of ideas.

The Austro-Hungarian Government have not failed to recognize in the Memorandum of the 29th November the wish of the British Government to meet to some degree the views of the European Cabinets. The concession of $\frac{1}{2}$ per cent. of the interest on the Suez Canal shares, the exemption of the preference stock from the general reduction of interest, and the reduction of the cost of occupation, appeared to the Austro-Hungarian Government as proofs of that wish.

On the other hand, the Memorandum contained some propositions on essential

points, which made it clear at first sight that it would be difficult to arrive on this basis to an agreement which would not only re-establish the momentary balance of the Egyptian finances, but which would also assure the credit of Egypt, the confidence in the stability of the future.

According to the views of the Austro-Hungarian Government, the principal difficulties lie in the insufficiency of the loan which England is willing to guarantee in the payment of the indemnities by the issuing of 5 per cent. stock, and in the assignation of the best revenues for the security of the new loan, and the consequent diminution not only of the interests, but also of the security of the Unified and Daira Loans.

As a matter of fact, the same views have been expressed by parties most interested in the matter, by experts consulted by the Imperial and Royal Government, as well as by most of the other Cabinets. But it appeared from all sides that the essential cause of the whole difficulty lies in the difference of opinion which had existed at the London Conference, and which has not been removed since, with regard to the real state of the finances of Egypt and the resources of the country.

These considerations induce the Austro-Hungarian Government to recommend the idea of a mediation between these conflicting views, and to support a solution which would, as far as possible, take into consideration the fundamental thought of the British Memorandum, and, at the same time, would have a chance to be accepted by the other interested Cabinets. The lines on which our proposals are based are as follows:—

That the sum of 4,000,000*l.*, required for the payment of the indemnities, should be included into the new loan. In order to assure a cheap rate of interest, this loan might receive the collective guarantee of all the Powers.

That the sacrifices to be imposed on the Egyptian creditors should be limited to strict necessity, and should be so conceived with regard to their form as to involve the least violation of their guaranteed securities and of the credit of Egypt. If England is prepared to give up $\frac{1}{2}$ per cent. of the interest on the Canal shares, the other Powers would have to concede the suspension of the Sinking Fund for the whole debt until further notice, and a further saving by the temporary introduction of a moderate tax on the coupons of all the Egyptian debts.

This measure would remain provisional till the definite settlement of the difference of opinion with regard to the financial requirements and the real resources of Egypt.

In view of the prevailing conflict of opinions with regard to this most important point, it appears to the Austro-Hungarian Government that an international inquiry is the only solution for the removal of all doubts.

We think that an understanding could easily be arrived at on the basis of the ideas of which I have been given a general sketch, as they are likely to meet with the approval of the countries with which we have been in communication on the matter.

I have in consequence been instructed warmly to recommend these proposals to Lord Granville.

Belgrave Square, January 19, 1885.

No. 78.

Observations on the English Proposals.—(Communicated to Earl Granville by Count Münster, January 19.)

E

(Translation.)

THE proposal of the English Government to guarantee a loan of 5,000,000*l.*, at $3\frac{1}{2}$ per cent., to provide for the floating debt and to furnish the necessary means to meet the expenses of irrigation, must be recognized as an improvement on the proposals laid before the London Conference, in so far as the interest on the loan then proposed was to be $4\frac{1}{2}$ per cent.; so that the difference in the two rates of interest represents a saving of 50,000*l.* in favour of the Egyptian Government.

On No. 2.

The method proposed for the settlement of the indemnities by a new issue of Privileged stock, 110*l.* stock to be reckoned for every 100*l.* cash, must also be recognized as fair and practical.

The rate of exchange of the Privileged stock is now about $S7\frac{1}{2}$; a nominal 110*l.* is therefore equivalent in real value to 96*l.*

In the opinion of experts here, a further fall in the rate of exchange, in consequence of the further issue, is not to be apprehended; on the contrary, a rise may be expected as soon as the finances of Egypt are finally settled. This mode of settlement would thus entail no sensible loss on the indemnity claimants.

On No. 3.

No objection can be taken to the proposal that the priority over all other State burdens shall be conceded to the interest on the new loan.

On Nos. 4 and 5.

On the other hand, the proposal (No. 4) that the entire revenue of the Domains and the Daira should be paid into the Bank of England, for the guarantee of the coupons of the new loan, admits of objections.

The revenues of the Domains and the Daira at present form the security of the Domain and Daira Loans respectively. If they are now to serve as security for a new loan, the present tie must first be dissolved. To effect this, it is proposed (No. 5) to convert the Domain Loan into Privileged stock, and the Daira Loan into Unified Stock.

The amount of interest on a loan of 5,000,000*l.* at $3\frac{1}{2}$ per cent. amounts to 175,000*l.* per annum. The annual net produce of the Domains and the Daira was estimated by English authorities at the time of the London Conference at 575,576*l.* (259,517*l.* for the Domains and 286,059*l.* for the Daira).

The proposed security thus represents more than three times the value of the sum the full payment of which it is to guarantee.

Furthermore, the security is proposed for a loan which already has a prior lien on all Egyptian State revenues, and is consequently in any case exposed to no risk.

By an arrangement with the firm of Rothschild the Domains are under a Mixed Administration, composed of one native, one English, and one French member.

The Administration of the Daira is managed in a similar manner. By an arrangement made with the creditors of the Daira the native Director is assisted by an English and a French Controller. The Domains and the estates of the Daira form together about one-fifth of the entire cultivable surface of Egypt.

Each of these Departments has thousands of officials under it.

It is proposed that the revenues of the Domain and Daira estates shall be paid into the Bank of England for the payment of the interest of the new loan. The balance of about 100,000*l.* is not to be paid into the Caisse de la Dette, but to be returned to the Egyptian Government.

Yet the Caisse de la Dette is to undertake the payment of the interest of the converted Domain and Daira Loans out of the funds hitherto at its disposal. The following burdens, then, are to be thrown on the Caisse de la Dette without any assistance being offered in return:—

	£
(a.) The interest of the new issue of Privileged stock to settle the indemnities (total issue 4,129,210 <i>l.</i>) at 5 per cent.	206,461
(b.) The interest of the Domain Loan, converted into Privileged stock (total 7,650,340 <i>l.</i>) at 5 per cent.	382,517
(c.) The interest of the Daira Loan, converted into Unified stock (total 8,801,700 <i>l.</i>) at $3\frac{1}{2}$ per cent.	308,059
Total	897,073

To meet this outlay the following sums are at the disposal of the Caisse:—

	£
(a.) The surplus hitherto devoted to the sinking fund of the Unified Debt, which may be estimated on an average of the last three years at	424,000
(b.) The future proceeds of the sum assigned to the sinking fund of the Privileged Debt	69,000
(c.) The amount which will be saved by the reduction of the interest of the Unified Debt by $\frac{1}{2}$ per cent.	279,962
Total	772,962

The Caisse, which has hitherto disposed of a considerable surplus, would thus, in future, have to face a yearly deficit of 124,000*l.*, to meet which it would always have to have recourse to the Egyptian Government.

Such a combination would deprive the creditors of their most valuable securities, and would, further, be unacceptable in the interest of the holders of Egyptian funds.

On No. 6.

With regard to admitting the suspension of all the sinking funds, there was no difference of opinion at the time of the London Conference. Neither is any objection made to the creating a new sinking fund from the future sales of Domain and Daïra lands, or to giving the new loan a preference position in regard to the sinking fund.

On No. 7.

According to § 7 of the English Memorandum, the second charge on the Egyptian Budget will be the interest of the National Debt.

But $\frac{1}{2}$ per cent. is to be deducted from the interest of the Unified Debt (including the converted Daïra), and of the English Suez Loan.

The necessity of any reduction of interest is as little apparent now as at the time of the London Conference. The demand for a reduction was then founded on the assertion that the present land tax was more than Egypt could bear, and that a reduction of taxation was imperative, if the land was to be saved from ruin. But the French Delegates were of opinion that the land tax was not too high *per se*, but that its assessment was not equitable. They held that it would be sufficient to grant individual remissions of taxation, and endeavoured to show that there were ample means for so doing without asking the creditors to make fresh sacrifices.

The practical results of the last few months tend to establish the French rather than the English view. For even if the entire results of the receipts for 1881 are not yet available, it is already certain that the financial year ended October last was a wonderfully favourable one in the "provinces affectées." The Act of the 18th September enabled the Egyptian Government to withhold 537,075*l.* from the Caisse without in any way prejudicially affecting the payment of the coupon or the regular sinking fund payment of the Privileged Debt. Thus on the 26th October last the actual surplus shown by the Caisse was 537,075*l.*, a surplus exceeded in 1881 only. Were the necessity of a reduction of taxation conclusively shown, and it has not been shown, it would be unfair to charge it all to the Unified Debt. The 5 per cent. Privileged Debt is better able to bear a reduction of interest on account of its higher rate of interest and its better security than is the Unified, with its 4 per cent. rate of interest and its less valuable security.

On No. 8.

The third charge on the Egyptian Budget is to be the current expenses of the Administration, including a lump sum of 120,000*l.* for the Army of Occupation. The normal amount of these expenses is to be fixed at 4,918,000*l.* This normal amount may, however, should the occasion arise, be exceeded with the consent of the English Government. According to this provision it would depend on England whether and to what extent the claims of the holders of Unified stock to be eventually repaid the interest withheld from them should be satisfied. If fixing the amount of the administrative expenses, which might, however, offer ground for discussion, is to be of any practical value to the creditors, the Commission de la Dette must decide whether the Budget is to be exceeded.

On Nos. 9 and 10.

As a fourth charge stands the after-payment of the reduced $\frac{1}{2}$ per cent. for the Unified and Suez Loan, as also of that part of the costs of occupation which has been paid out over and above the lump sum of 120,000*l.*

The costs of occupation are, however, under no consideration to exceed the sum of 298,000*l.* If the means at disposal do not suffice to meet all these claims, then the existing sum shall be proportionally divided among the three rival claims.

In other words, if in any case after defraying the costs of the current Administration there remains a surplus, then a sort of partnership ("concoure") shall be established, in which the above-described creditors to the estate ("massengläubiger") shall participate with equal rights.

Against this it must be said that it might be an injustice to rank the claims of holders of Unified in the same category as those of the English Government for the costs of occupation and the Suez Canal shares. The creditors have not brought about

the occupation; this resulted without their concurrence from the independent decision of the English Government.

On No. 11.

Against the equal division of an eventual further surplus between the Egyptian Government and the sinking fund there is nothing to be said.

On No. 12.

The proposed extension of certain taxes to foreigners, as also the contemplated minor fiscal changes, would require a more precise definition.

On No. 13.

The Egyptian Government, which according to Article 37 of the Law of Liquidation, cannot raise a new loan without the consent of the Commissioners of the Caisse de la Dette, has the right, according to paragraph 2 of the same Article, to borrow on current account within the limit of 2,000,000*l.*

The proposed limitation of this power to the sum of 1,000,000*l.*, is, after the experience of the last years, by all means to be commended.

On No. 14.

That the Law of Liquidation, so far as this may be required for the reorganization of Egyptian finances, must be modified, is self-evident. To go beyond this, and to propose changes in it, especially such changes as an extension of the fiscal powers of the Egyptian Government over the assigned provinces would be open to objection.

Article 39 of the Law of Liquidation refers on this point to the Decree of the 2nd May, 1876, Article 8 of which contains the following declaration: "Le Gouvernement ne pourra, sans l'avis conforme des Commissaires qui dirigent la Caisse de la Dette Publique pris à la majorité, porter dans les impôts spécialement affectés à la dette des modifications qui pourraient avoir pour résultat une diminution de la rente de cet impôt."

This declaration is one of the most necessary guarantees for the creditors of the State. To alter it would be to withdraw all security for the payment of the interest of the Unified Debt.

Similar considerations weigh against granting to the Egyptian Government the power of arbitrary interference in the administration of the railways, of which the revenues, as is well known, are mortgaged for the Preference stock. The Railways in the same manner as the Domains are under a mixed Direction, which consists of one native, one English, and one French member. This Administration has hitherto given satisfactory results. Should shortcomings have become apparent they would require to be specified.

On No. 15.

The arrangement by which the English proposals were to come into force on the 1st January, 1885, falls through now that the date is gone by.

No. 79.

E

Earl Granville to Sir E. Thornton.

(No. 17.)

Sir,

Foreign Office, January 19, 1885.

THE Russian Ambassador called upon me this afternoon and said that he had come to speak to me on the subject of the Egyptian financial question. The Russian Government had received the French counter-proposals.

He was not come to make any formal communication or representation, but simply to say that the Russian Government approved in principle of the French scheme, and were prepared to support it. As regards participation in the joint guarantee of an Egyptian loan, they reserved their decision until better informed of the plan.

I replied that M. de Staal would easily understand that the matter was of such

importance that I could make no observations until I had had an opportunity of consulting my colleagues.

I am, &c.
(Signed) GRANVILLE.

No. 80.

Earl Granville to Sir E. Malet.

E
(No. 37.)
Sir,

Foreign Office, January 19, 1885.

THE German Ambassador called upon me this afternoon and placed in my hands a despatch from Prince Bismarck, of which a translation is inclosed herewith, giving the views of the German Government on the Egyptian financial question.

I told Count Münster that I was obliged to the German Government for this communication.

The subject was of too great importance for me to give any answer until I had consulted my colleagues.

There was, however, I said, an observation which I would make at once on one passage in the despatch. I was at a loss to understand the complaint made by the German Government that they had not received the consent of Her Majesty's Government to the participation of Germany in the Commission of the Public Debt.

I had no doubt, I said, that Count Münster had given to his Government an accurate report of the statement which I made to him on the 28th ultimo, and in which I had given the reasons why Her Majesty's Government would be ready to discuss at once the mode in which an addition of the numbers of the Caisse could be made without increased expense to the Egyptian Government.

On the 13th instant a despatch on the same subject had been communicated by Count Münster, in which no allusion was made to the preceding conversation. An answer to that note had been drawn up, which would be sent at once, and which ended by expressing the desire to meet the wishes of a friendly Power.

I then asked his Excellency whether I was to understand that Germany was ready to join in a European guarantee of a fresh Egyptian loan.

Count Münster replied in the affirmative, subject to the consent of the German Parliament.

I remarked that up to this time Germany had declined any discussion on the matter, wishing us to come to a previous understanding with France. This had been impossible, as the French Government were unable to enter into any discussion until the day before yesterday.

I understood from the despatch which he had been good enough to communicate to me, that the German Government were prepared at once to enter into the discussion, which gave me pleasure.

I am, &c.
(Signed) GRANVILLE.

No. 81.

Earl Granville to Sir A. Paget.

E
(No. 18.)
Sir,

Foreign Office, January 19, 1885.

THE Austro-Hungarian Ambassador called upon me this afternoon, and delivered to me the Memorandum, of which a copy is herewith inclosed,* containing the views of his Government as to the settlement of the finances of Egypt.

I said to Count Károlyi that on such an important matter he would not, of course, expect me to give an answer or express an opinion until I had had an opportunity of consulting my colleagues.

His Excellency observed that the participation of the Austro-Hungarian Government in the proposed joint guarantee of an Egyptian Loan must, of course, be subject to the consent of their Parliament.

I am, &c.
(Signed) GRANVILLE.

* No. 77.

No. 82.

Earl Granville to Sir A. Paget.

E
(No. 19. Confidential.)
Sir,

Foreign Office, January 19, 1885.

THE Austro-Hungarian Ambassador said to me this afternoon that he was instructed to speak to me confidentially on the demand made by Germany and Russia for representation in the Egyptian Caisse de la Dette Publique.

In the answer given by Nubar Pasha to that demand, the Egyptian Government had taken the view that the Law of Liquidation had, so to speak, fixed the number of members of the Commission, and that this number could not be increased without the consent of all the Powers, which the two Governments in question would have to obtain.

Count Károlyi was instructed to state confidentially that, in the opinion of the Austro-Hungarian Government, the Law of Liquidation of 1880 had only determined the rights and powers of the Commission, which had been created four years previously by a Viceregal Decree, but that it had fixed nothing with regard to the number of members or their admission. An increase in the number involved, therefore, no change in the Law of Liquidation; it would simply supplement the former Viceregal Decrees, which recognized existing rights, hitherto not exercised, by the Signatory Powers who were not represented in the Commission.

The Khedive, Count Károlyi continued, is unable to alter the competency or the powers of the Caisse, as determined by the Law of Liquidation, without the consent of the other Powers; but he is entitled to nominate, on his own authority, members for the Powers not yet represented in the Commission.

The Austro-Hungarian Government had, in accordance with this view, supported the demand of Germany and Russia for admission of their Representative to the Commission, believing that the Khedive might have acceded to it without previously consulting the other Powers; and they had charged Count Károlyi to express their entire concurrence in the proposed appointment of a German and a Russian Commissioner.

I told his Excellency that the position taken by the Egyptian Government in this matter seemed to us to be perfectly correct; but I said that we had no objection in principle to the proposed appointment of a German and a Russian Commissioner.

I promised to send Count Károlyi a written statement of our views.

I am, &c.
(Signed) GRANVILLE.

No. 83.

Earl Granville to M. de Staal.

E

M. l'Ambassadeur,

Foreign Office, January 19, 1885.

I HAVE the honour to acknowledge the receipt of the note from M. de Giers dated the 27th ultimo, of which your Excellency has been good enough to furnish me with a copy, relative to the application of the German and Russian Governments to His Highness the Khedive that German and Russian Commissioners should be added to the Administration of the Caisse in Egypt.

In this communication M. de Giers inquires whether Her Majesty's Government are of opinion that the claim of Russia and Germany is well founded.

I have the honour to inform your Excellency that in the view of Her Majesty's Government there may be reasonable grounds for acceding to the wishes of Germany and Russia in this matter, but they cannot admit that any foreign Government is entitled to claim as of right any change in the present constitution of the Caisse.

That institution was created by the Khedive by a Municipal Decree issued in 1876, and at any time previously to the international arrangements of 1880 it would have been competent to His Highness, by further Municipal Decrees, and of his own free will, to alter the constitution of the Caisse by increasing or reducing the number of Commissioners, or even by substituting Egyptian for foreign Commissioners. But in 1880 the Caisse was administered by four foreign Commissioners, and as so constituted it became an integral part of the financial arrangement assented to by the Powers, and carried out by the Law of Liquidation.

It cannot be a matter of surprise, therefore, if the Khedive should hesitate, of his

own motion, either to increase or to reduce the number of Commissioners, or to disturb in any way the conditions under which the Caisse discharged its functions at the time when it was incorporated in the Law of Liquidation, and became part of the machinery adopted to carry out its objects.

Nevertheless, M. l'Ambassadeur, Her Majesty's Government have not raised any objection to the principle of the proposed addition to the numbers of the Caisse.

It appears to Her Majesty's Government that the reason why Russia and Germany were not represented on the Caisse at the same time as France, Austria, Italy, and Great Britain is that the object of the Commission was to secure the interests of the European creditors from the danger of interference on the part of the Khedive Ismail Pasha, a matter in which it was believed that German and Russian subjects had no concern.

Last year the German Government were informed, for the first time, of the large amount of Egyptian stock then held in Germany. Her Majesty's Government are not aware that this is the case with Russia.

Under these circumstances, it does not seem unreasonable that the German Government should desire to be placed in the same position as other interested Powers, provided it can be done without imposing unnecessary burdens on the Egyptian Government, whose officers the Commissioners are, and Her Majesty's Government are now in friendly communication with the German Government on the subject.

It does not appear to Her Majesty's Government that the case of Russia is similar, and the political reasons adduced by M. de Giers do not seem to apply to an addition to the number of a board of Egyptian employés who are in actual fact entrusted with a particular financial duty, namely, that of receiving the revenues appropriated to the service of the debt, or remitting the proceeds for the benefit of the creditors.

At the same time, Her Majesty's Government do not desire to oppose the wish of a friendly Government, to which they see no objection in principle, and counting upon the co-operation of the Russian Government in a satisfactory settlement of the larger question of Egyptian finance, they will be happy to discuss at once with the Russian Government, as they have proposed to do with the German Government, the mode in which an addition to the numbers of the Caisse can be made without additional expense to the Egyptian Government beyond the reduced estimate of the cost of the Caisse.

I am, &c.
(Signed) GRANVILLE.

No. 84.

Sir E. Baring to Earl Granville.—(Received January 20.)

(No. 29. Confidential.)

My Lord,

Cairo, January 9, 1885.

IN the 8th paragraph of the Memorandum embodying the financial proposals submitted by Her Majesty's Government to the Powers, it is laid down that the total charge for administration is to be £ E. 4,918,000, which amount, except in the case of railway expenditure, is not to be exceeded without the consent of Her Majesty's Government so long as the English occupation lasts.

The 9th Article lays down that the fourth charge on the Egyptian revenues is to be the balance of interest on the Unified (including Daira) stock and Suez Loan, which was previously deducted, as well as the balance of the expenses of the Army of Occupation between the figures of £ E. 120,000 and £ E. 293,000.

I have the honour to submit some observations to your Lordship on this subject.

Your Lordship is aware of the opinions which I entertain on the subject of the control which should be exercised over Egyptian expenditure. That control should, I think, be very stringent, but I venture to think that it can more advantageously be exercised by some individual or institution in Egypt than by any authorities acting at a distance. It appears to me that any attempt to exercise a control from England over the amount of the administrative expenditure would not only involve a great risk of constant friction between the authorities here and in England, but would in practice be wholly illusory.

Supposing, for instance, that towards the close of the year the Egyptian Government found that it had already expended the fixed amount of £ E. 4,918,000, and that another £ E. 200,000 or £ E. 300,000 was necessary in order to carry on the work of the administration for the remainder of the year. Under the arrangement

contemplated in the English proposal, the Egyptian Government would, I conceive, have to apply to Her Majesty's Government to expend this sum. I do not see how it would be possible to refuse permission.

Your Lordship is aware that the Secretary of State for India exercises a very considerable degree of control over the expenditure of the Government of India in India. This control is real and effective because in respect to the creation of salaries above a certain figure, and in respect to some other points, which I need not describe in detail, the Government of India is under the obligation of applying for the sanction of the Secretary of State before the expenditure can be incurred.

But I venture to assert without hesitation that if the Secretary of State's control consisted in a power of vetoing expenditure during the year over a total lump sum, and in nothing more than this, it would be wholly illusory.

In order to be effective, the control must go further than this. Any proposal for fresh expenditure during the currency of the year, which is not included in the estimates—except in respect to very small sums of money—would have to be referred to the controlling authority, who should also exercise some restraint on alterations in salaries and establishments, on the commencement of new undertakings by the Public Works Department, and on other subjects.

From the political point of view, there are obvious objections to any such detailed control as this over the Egyptian expenditure being exercised directly by Her Majesty's Government in England. Neither do I think, regarding the matter purely from the financial point of view, that such a control can be usefully exercised save by some authority or institution on the spot which will be able to watch the details of the expenditure from time to time during the currency of the year.

There are several methods under which a fairly effective control over expenditure might be established locally, but for the moment I refrain from making any suggestions on this point. My present object is merely to express a hope that, whatever be the nature of the control, it will be established in Egypt, and not in England, and further, that it will consist of more than a mere veto over a total lump sum for all administrative purposes during the year.

A further observation I have to make is that, whether the control be exercised directly by Her Majesty's Government or by any other authority, I trust it will be made quite clear that full power is given to increase the expenditure in case of necessity. This is a point of very great importance.

In the first place, circumstances may arise, such, for instance, as disturbances necessitating an increase in the army or police, or an epidemic of cholera, necessitating an increase of expenditure by the Sanitary Department, under which it would not be possible to maintain the limit of £ E. 4,948,000.

Then again, any one who has had to deal with the control of State expenditure knows that when a fresh demand for money is made to the Financial Department, one of the most important points to be considered is the object on which it is proposed to spend the money.

In some cases, that is to say, where the expenditure will result in an increase of revenue, it may be false economy to negative the proposal.

This principle is fully recognized in the proposals of Her Majesty's Government in so far as railway expenditure is concerned. I venture to submit that it applies, although of course in a less degree, in respect to some other Departments, such as salt, customs, and post-office.

Then again, in the case of the expenditure under justice. Although any further expenditure would, I think, be quite unjustifiable at present, it may be that in the future the receipts from fees will rise, and when once a net revenue is obtained under this head, it would be well worthy of consideration whether the surplus should not be employed towards the extension of the new Courts to Upper Egypt, a reform which is much required, but which must for the present, owing to a want of funds, be postponed.

In fact, I venture to think that the controlling authority, whosoever it may be, should have full power to decide on whether any surplus after meeting the three first charges mentioned in the Memorandum should be applied to increasing the administrative expenditure as occasion may demand, or whether it should go to meet the fourth charge, which consists of $\frac{1}{2}$ per cent. on the Unified Debt, and the excess expenditure on the Army of Occupation above £ E. 120,000.

I have, &c.
(Signed) E. BARING.

Sir E. Baring to Earl Granville.—(Received January 20.)

(No. 38.)

My Lord,

Cairo, January 11, 1885.

I HAVE the honour to inclose a copy of the Provisional Budget of the Egyptian Government for the year 1885. This Budget is styled "Provisional" because, until the financial negotiations now in progress are concluded, the figures which should be entered under some of the most important items of the estimates must necessarily be subject to future modifications.

I have been through the estimates carefully with Mr. Vincent and Mr. Ornstein. At my request Mr. Vincent has prepared a Memorandum explanatory of the Budget, a copy of which I have the honour to inclose. Mr. Vincent requests me to say that this Memorandum has been prepared for the information of Her Majesty's Government only, and that it is not intended for publication.

I need add but very few remarks to those which are contained in Mr. Vincent's Memorandum.

Taking the revenues of the assigned and non-assigned provinces together, the general result of the estimates is, in round figures, as follows:—

								£ E.
Revenue	..	..	..	..	..	..	..	8,896,000
Expenditure	..	..	..	..	..	..	..	9,619,000
Deficit	..	..	..	..	..	..	..	723,000

In reality the financial situation, though very far from satisfactory, is not so serious as would appear from the figures stated above. "Extraordinary Expenditure," to which I will presently allude further, is included to the extent of £ E. 683,000. If this sum be excluded from the account, the result would be as follows:—

								£ E.
Revenue	..	..	..	..	..	..	..	8,896,000
Expenditure	..	..	..	..	..	..	..	8,937,000
Deficit	..	..	..	..	..	..	..	41,000

Your Lordship will remember that the estimate of the revenue given in Appendix I to Lord Northbrook's Report, amounted to £ E. 8,910,000.

In the body of his Report, however, Lord Northbrook explained that under certain conditions a revenue of £ E. 100,000 might be obtained from the taxation of Europeans.

On the other hand, Lord Northbrook recommended the abolition of the market dues amounting to £ E. 8,000, the abolition of export duty on rice and cereals amounting to £ E. 20,000, and the partial abolition of the navigation dues at a net cost of £ E. 35,000. The net result of his Lordship's proposals was to increase the revenue by £ E. 37,000 (£ E. 100,000 minus £ E. 63,000), thus bringing his total estimate up from £ E. 8,910,000 to £ E. 8,947,000.

The present estimate of the Egyptian Government for the year 1885 is, as I have said, £ E. 8,896,000. In comparing this estimate with Lord Northbrook's figures, it is to be borne in mind—

1. That the estimate of the Egyptian Government takes credit for the revenue heretofore received from the market dues and export duty on rice and cereals.
2. That credit to the extent of £ E. 18,000 is taken for an increase of the receipts consequent on the stamp tax being applied to foreigners. Mr. Vincent, however, points out that this figure has been inserted "rather with a view to the maintenance of the principle than in any confident hope of an increase of revenue."
3. That the Egyptian Government, in their estimate, contemplate the execution of the reforms in the levy of the navigation dues which were recommended by Lord Northbrook.

If the £ E. 18,000 on account of stamp tax be excluded from the estimate, and if, on the other hand, no change be made in respect of the navigation dues, the estimate of the Egyptian Government approximates very closely to that of Lord Northbrook, the difference being only £ E. 3,515.

In point of fact, this further examination of the revenue estimates only confirms the conclusion to which previous inquiries have led, and to which I alluded in my despatch No. 1190 of the 29th ultimo.

The revenue of the Egyptian Government may be taken at about £ E. 9,000,000. This, however, is rather a high estimate, and if it be adopted as the basis of any permanent financial arrangement, a margin (which should, in my opinion, amount to

not less than £ E. 200,000), should be left between revenue and expenditure. It is, I think, an especially high estimate for the year 1885, for by reason of the low Nile in 1884 a considerable tract of land in Upper Egypt will not be cultivated at all in 1885. The result will be, in all probability, that the Egyptian Government will not be able to collect £ E. 5,116,000 on account of direct taxes. This was Lord Northbrook's estimate of the revenue to be derived from direct taxes, and it is this figure which, after deduction of "non-valeurs," the Egyptian Government has entered in its present estimate.

Turning now to the question of administrative expenditure, it is to be observed that Lord Northbrook's estimate amounted to £ E. 4,708,000. To arrive at this figure various changes and reductions would, it was thought have to be made.

At the time this estimate was framed, it was, therefore, contemplated that the expenditure of 1885 would be somewhat in excess of £ E. 4,708,000, and that the normal rate of expenditure would not be attained until 1886.

The present estimate for 1885 is £ E. 4,733,000, that is to say £ E. 25,000 in excess of Lord Northbrook's figures. Of this excess £ E. 13,000 is accounted for by reason of the impossibility of reducing at once the Zeyla tribute as contemplated by Lord Northbrook. Under all other heads the net excess over Lord Northbrook's estimate is only £ E. 12,000. This result appears to me to be highly creditable to the Financial Department of the Egyptian Government. I wish to draw your Lordship's attention to the fact that the expenditure under the head of "Pensions" is estimated at no less than £ E. 453,000. Mr. Vincent remarks that "it is feared that in 1886 Lord Northbrook's figure will be exceeded unless a reduction is made in pensions already granted. Under present circumstances this reduction is impossible."

There can be no doubt that any reduction in the amount of pensions which have already accrued would be exceedingly unpopular.

The unpopularity attending the measure would, without doubt, mainly attach itself to the British Government, a consideration which has to be taken into account from the political point of view quite apart from the intrinsic merits of the case itself. Moreover, it is very difficult to defend any reduction in pensions which have been already granted unless some reduction is at the same time made in the rate of interest paid to the bondholders.

At the same time the growth of this charge is so very serious, and the uncertainty which attends its future growth appears to be so great, that I think it essential to the stability of any financial arrangement which may be made that full power should be given to the Egyptian Government to deal with the matter in the future as circumstances may require. I beg to draw your Lordship's special attention to this point, which is one of great financial importance. Lord Northbrook contemplated the possibility of an arbitrary *pro rata* reduction being made in the pensions which have been already granted, as will be seen by reference to Note 20 attached to Appendix I of his Report.

The estimate under the head of "Debt" amounts to £ E. 1,204,000. This estimate is, of course, based on the provisions of the Law of Liquidation as it now stands.

The deficit of the Domaines is estimated at £ E. 195,000; that of the Daira at £ E. 150,000, which I consider rather a low estimate. The deficits of the two together are, therefore, at present estimated at £ E. 345,000.

I have already mentioned that the Extraordinary Expenditure amounts to £ E. 683,000.

Mr. Vincent's Memorandum shows the items of which this figure is made up. The only remark I have to make is in connection with the Soudan expenditure.

Your Lordship will remember that in the estimate of the floating debt a sum of £ E. 1,000,000 has always been included to provide for the expenses consequent on the evacuation of the Soudan.

Mr. Vincent informs me that about £ E. 590,000 has been already spent in excess of the sum of £ E. 110,000, which was included in the Budget of 1884 under this head. A balance of £ E. 110,000 therefore remains. If to this be added the sum of £ E. 120,000, for which credit is taken in 1885, as an ordinary head of expenditure on account of the Soudan, we arrive at a total of £ E. 530,000.

This, therefore, represents the amount which it will be possible to spend under this head in 1885 without commencing a fresh floating debt.

Whether this sum will or will not be sufficient it is at present quite impossible to say.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 85.

GOUVERNEMENT ÉGYPTIEN.

BUDGET Provisoire pour l'Exercice 1885.

BUDGET GÉNÉRAL DE 1885.

RECETTES.			DÉPENSES.		
Titres.	Lord Northbrook's Estimates for 1886.	1885.	Titres.	Lord Northbrook's Estimates for 1886.	1885.
I. Contributions Directes ..	£ E. 5,116,000	£ E. 5,116,000	I. Liste Civile, Allocations, et Cabinet de Son Altesse le Khédive..	£ E. 358,000	£ E. 358,100
II. Contributions Indirectes ..	1,620,000	1,628,907	II. Frais d'Administration et de Perception ..	1,836,000	1,857,137
III. Revenus des Administrations de Recettes ..	1,680,000	1,669,335	III. Dépenses des Administrations de Recettes ..	886,000	865,178
IV. Recettes des Services Administratifs ..	356,000	348,598	IV. Sécurité Publique ..	387,000	400,625
V. Location et Produits des Propriétés du Gouvernement ..	78,000	80,914	V. Soudan Oriental ..	120,000	120,000
VI. Retenue sur les traitements du Personnel ..	60,000	52,731	VI. Pensions ..	457,000	453,200
			Tribut ..	664,000	678,397
Exécédent de Dépenses ..	8,910,000	8,896,515	VII. Dette Publique ..	4,708,000	4,204,432
		723,587	VIII. Dépenses extraordinaires ..	4,204,432	682,833
Total ..		9,619,902	Total ..	8,912,432	9,619,902

BUDGET Général des Recettes.—Développement par Sous-Titres.

		Lord Northbrook's Estimates for 1886.	1885.
		£ E.	£ E.
I. Contributions Directes—			
1. Impôts Fonciers ..	4,811,500	4,819,701	
2. Autres Contributions Directes ..	304,500	296,296	
II. Contributions Indirectes—			
1. Douanes ..	770,000	785,400	
2. Octrois ..	300,000	317,500	
3. Sel et natron ..	200,000	205,000	
4. Pêcheries ..	95,000	95,000	
5. Droits de navigation ..	60,000	60,000	
6. Timbre et enregistrement ..	80,000	80,000	
7. Droits divers ..	86,007	86,007	
III. Revenus des Administrations de Recettes—			
1. Chemins de fer ..	1,250,000	1,246,850	
2. Chemin de Fer de Hérouan ..	8,000	7,705	
3. Télégraphes ..	36,000	40,000	
4. Port d'Alexandrie ..	95,000	70,000	
5. Postes ..	92,000	98,500	
6. Paquebots-poste Khédiviel ..	98,000	106,400	
7. Phares ..	90,000	90,000	
8. Ports (autres que celui d'Alexandrie) ..	4,800	4,800	
9. Hôtel des Monnaies ..	5,080	5,080	
IV. Recettes des Services Administratifs—			
1. Recettes diverses ..	356,000	348,598	
V. Locations et Produits des Propriétés du Gouvernement—			
1. Locations et produits des propriétés du Gouvernement ..	78,000	80,914	
VI. Retenue sur les Traitements du Personnel—			
1. Retenue sur les traitements du personnel ..	60,000	52,731	
Total ..	8,910,000	8,896,515	

BUDGET Général des Dépenses.—Développement par Sous-Titres.

		Lord Northbrook's Estimates for 1886.	1885.
		£ E.	£ E.
I. Liste Civile, Allocations, et Cabinet de Son Altesse le Khédive—			
1. Liste civile ..	298,000	90,000	
2. Allocations à la famille Khédiviale ..		208,100	
3. Cabinet de Son Altesse le Khédive et Bateaux de la Mahieh Sanieh ..	60,000	60,000	
II. Frais d'Administration et de Perception—			
1. Conseil des Ministres ..	7,000	6,712	
2. Conseil Législatif ..	8,000	8,000	
3. Ministère des Affaires Étrangères ..	11,000	12,026	
4. Ministère des Finances ..	164,000	186,569	
5. Ministère de l'Instruction Publique ..	70,000	84,689	
6. Ministère de l'Intérieur ..	160,000	101,206	
7. Ministère de la Justice ..	324,000	323,654	
8. Ministère des Travaux Publics ..	515,000	513,004	
9. Services divers des Ministères ..	50,000	95,105	
10. Services administratifs et de perception des Provinces, Gouvernorats, et Municipalités ..	330,000	331,274	
11. Douanes ..	70,000	67,981	
12. Octrois ..	43,000	42,461	
13. Sel et natron ..	70,000	69,545	
14. Pêcheries ..	10,000	11,864	
15. Perception des droits de navigation ..	4,000	3,047	
III. Dépenses des Administrations de Recettes—			
1. Chemins de fer ..	562,000	535,351	
2. Chemin de Fer de Hérouan ..	7,000	7,345	
3. Télégraphes ..	36,000	41,765	
4. Ports d'Alexandrie ..	35,000	30,939	
5. Postes ..	79,000	84,140	
6. Paquebots-poste ..	121,000	120,600	
7. Phares ..	40,000	31,496	
8. Ports (autres que celui d'Alexandrie) ..	3,000	11,129	
9. Hôtel des Monnaies ..	3,000	2,413	
IV. Sécurité Publique—			
1. Ministère de la Guerre ..	360,000	130,975	
2. Police et Pompiers ..		247,650	
3. Prisons ..	27,000	22,000	
V. Soudan—			
1. Soudan Oriental ..	120,000	120,000	
VI. Pensions—			
1. Pensions et traitements de disponibilité ..	457,000	453,200	
VII. Tribut et Dette Publique—			
1. Tribut de l'Égypte ..	664,000	678,397	
2. Dette Consolidée et Non-Consolidée ..	4,708,000	4,204,432	
VIII. Dépenses Extraordinaires—			
1. Police (crédit supplémentaire en vue de la nouvelle organisation) ..		32,833	
2. Armée (crédit pour la campagne du Soudan) ..		150,000	
3. Armée d'Occupation ..		100,000	
4. Soudan Occidental ..		400,000	
Total ..		9,619,902	

Inclosure 2 in No. 85

Explanatory Memorandum.

The Budget of 1884 was voted by the Ministers on the 31st December, 1884.

							£ E.
The total revenue for 1885 is estimated at	..	..	..	..	..	..	8,896,515
And the total expenditure at	..	..	..	..	..	..	9,619,902
Leaving a deficit of	..	..	..	..	..	..	723,387

By the Law of Liquidation the Egyptian Budget is divided into two parts, which may for all practical purposes be considered as distinct. These two parts are:—

1. The Budget of the revenues assigned to the Consolidated Debt.
2. The Budget of the revenues assigned to the Administration.

The first of these is estimated to give the following results:—

							£ E.
Revenue	..	..	..	..	..	..	4,476,989
Expenditure	..	..	..	..	..	..	4,017,961
Surplus	..	..	..	..	..	..	459,028

This surplus, by the terms of the Law of Liquidation, should be applied to the redemption of the Unified Debt.

The estimate for the Budget assigned to the Government is:—

							£ E.
Revenue	..	..	..	..	..	..	4,419,526
Expenditure	..	..	..	..	..	..	5,601,941
Deficit	..	..	..	..	..	..	1,182,415

I propose in the present Memorandum to compare the Budget of 1885 with—

- (a.) The normal Budget elaborated by Lord Northbrook for 1886; and
- (b.) The Egyptian Government Budget for 1884.

In making these comparisons I shall follow the new classification of the Egyptian Budget, which affords a better general idea of the situation than that which was previously adopted.

RECEIPTS.

The following Table shows the estimated receipts for 1885 as compared with the figures adopted by Lord Northbrook:—

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Direct Contributions	5,116,000	5,116,000
Indirect Contributions	1,620,000	1,628,907
Revenues of Receipt Departments	1,680,000	1,669,335
Revenues of Administration Departments	356,000	348,598
Rent of Government land	78,000	80,944
Contributions to Pension Fund	60,000	52,731
Total	8,910,000	8,896,515

Or a diminution in the Budget of 1885 of £ E. 13,485.

The comparison of the two totals is not absolutely fair, as the Egyptian Budget for 1885 estimates that £ E. 18,000 will be derived from the application of the stamp tax to foreigners for which Lord Northbrook allowed nothing; and it estimates the revenue from the navigation dues at £ E. 35,000 less than Lord Northbrook, owing to modifications in process of execution. If the difference between these sums £ E. 17,000 is deducted from Lord Northbrook's estimates (£ E. 8,910,000), we obtain the figure £ E. 8,893,000, or £ E. 3,515, less than the estimate of the Egyptian Government.

It should be stated that the increase of £ E. 18,000 on the stamp tax has been inserted rather with the view to the maintenance of the principle than in any confident hope of an increase of revenue.

DIRECT CONTRIBUTIONS.

The sum set down in the Budget is the same as that adopted by Lord Northbrook. It is composed of:—

							£ E.
Kharadji and Ouchouri land tax inscribed in the registers	..	..	..	..	..	..	5,131,583
Less what the Egyptian Government consider they will not be able to levy during the year	..	..	..	..	..	..	456,564
Other taxes upon land	..	..	..	..	..	..	4,675,019*
Other Direct Contributions	..	..	..	..	..	..	144,685
							296,296
Total	..	..	..	..	..	..	5,116,000

INDIRECT CONTRIBUTIONS.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Custom-house	770,000	785,400
Octrois	300,000	317,500
Salt	200,000	205,000
Fisheries	..	..
Navigation duties	..	..
Stamps	..	..
Various duties	..	..
Total	1,620,000	1,628,907

The increase under "Customs" is due to the application of the new Commercial Conventions.

The receipts during the last three months from salt justify the higher estimate.

The explanation of the difference in the other indirect revenues is as follows: The estimates for navigation dues have been reduced by £ E. 35,000, and £ E. 18,000 duty on building materials have been transferred to octrois, making a total of £ E. 53,000. On the other hand, the estimate for stamps has been increased by £ E. 18,000 on account of the application of the new Law to foreigners; and an increase of £ E. 6,000 is anticipated on the smaller duties over Lord Northbrook's figures.

REVENUES OF RECEIPT DEPARTMENTS.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
The railways	1,250,000	1,246,850
Héclouan Railway	8,000	7,705
Telegraphs	36,000	40,000
Alexandria Harbour	95,000	70,000
Post Office	92,000	98,500
Postal steamers	98,000	106,400
Light-houses	..	..
Harbours (other than that of Alexandria)	101,000	99,880
The Mint	..	..
Total	1,680,000	1,669,335

The only figures in the above Table which call for remark are those of the harbour of Alexandria, the receipts of which are estimated by the Egyptian Government at £ E. 25,000 less than by Lord Northbrook. This is due to the fact that delay is anticipated in transferring the Custom-house to the new quays, and to the impossibility, unless this transfer is made, of levying the higher rate of quay dues. The increase of £ E. 6,500 in the Post Office is due to an extension of service. The same remark applies to the postal steamers; a new service having been inaugurated between Alexandria and the Syrian coast.

* It is doubtful whether it will be possible to collect even this reduced figure in 1885, owing to the failure of the Nile in 1884.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Receipts of Administrative Departments ..	356,000	318,598

This diminution is due to a more moderate estimate of the receipts from the different Ministries. These receipts are of such an occasional nature that no rigorously correct estimate can be framed.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Rent of Government property	78,000	80,944

This increase is due to the improved organization introduced by Mr. Gibson.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Contributions to Pension Fund	60,000	52,731

Lord Northbrook's figure was adopted in view of an increase in the rate of the contributions. It will be impossible to make this increase until the general financial situation is settled. Establishments are being reduced so considerably that £ E. 52,731 is rather a high estimate, unless an increase is made.

EXPENDITURE.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Civil List, Allowances, and Cabinet of His Highness the Khedive	358,000	358,100
Expenses of administration and collection	1,836,000	1,857,137
Expenditure of Receipt Departments	886,000	865,178
Public security	387,000	400,625
Eastern Soulan	120,000	120,000
Pensions	457,000	453,200
Tribute	664,000	678,397
Consolidated and Non-Consolidated Debt (Egyptian Budget figures)	4,204,432	4,204,432
Total	8,912,432	8,937,069

Or an increase over Lord Northbrook's estimates of £ E. 24,637.

The Extraordinary Expenditure foreseen by the Egyptian Government for 1885 amounts to £ E. 682,833. Lord Northbrook made no estimate under this head.

Before proceeding to an examination of the details of the two estimates, it should be stated that Lord Northbrook's figures were adopted as a normal Budget to come into force from the 1st January, 1886. It was anticipated that the expenditure for 1885 would considerably exceed the amount set down in the normal Budget. The above figures show that we have been able to bring down the expenditure for 1885 more nearly to the normal level than was then considered possible.

CIVIL LIST, ALLOWANCES, AND CABINET OF HIS HIGHNESS THE KHEWIVE.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Civil List	298,000	298,100
Allowances to the Khedivial family	60,000	60,000
Cabinet of His Highness the Khedive		
Total	358,000	358,100

In Lord Northbrook's estimates sums of less than £ E. 1,000 are neglected.

ADMINISTRATION AND REVENUE COLLECTION.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Council of Ministers	7,000	6,712
Legislative Council	8,000	8,000
Ministry of Foreign Affairs	11,000	12,026
" of Finance	164,000	186,569
" of Public Instruction	70,000	81,689
" of the Interior	160,000	101,206
" of Justice	324,000	323,654
" of Public Works	515,000	513,004
Miscellaneous Services	50,000	95,105
Administration and Revenue Collection in the provinces	330,000	331,274
Governorships and Municipalities		
Custom-house	70,000	67,981
Oetrois	43,000	42,461
Salt	70,000	69,545
Fisheries	10,000	11,864
Collection of navigation dues	4,000	3,017
Total	1,836,000	1,857,137

The increase of £ E. 1,026 for the Ministry of Foreign Affairs is due to the exceptional political circumstances in which Egypt now is, necessitating an increase of telegraphic and other expenditure.

The increase of £ E. 22,569 in the Ministry of Finance is explained in the following way :—

	£ E.
The accounts of the Ministry of Public Works of the Rouznameh and of the Ministry of Public Instruction, have been transferred to the Ministry of Finance, necessitating an increased vote of	8,500
A service of financial inspection has been provided for, as suggested in my Report of the 5th October, 1884	5,000
(This expenditure will be far more than regained by increase of revenue.)	
Transfer of Military Pension Office	1,300
The salaries of the four members of the Caisse de la Dette Publique have been maintained at the old figure of £ E. 3,000 instead of £ E. 2,000, as set down by Lord Northbrook	4,000
(The reduced rate cannot be enforced until the present contracts expire.)	
The material in the Printing Office at Boulack was found to be in a disgraceful condition; it was considered absolutely necessary to allow for repairs an increased sum of	1,000
Total	22,800

On the other hand, the vote for the Cadastre has been reduced by £ E. 1,500.

The increase of £ E. 14,689 in the Ministry of Public Instruction is due to the unadvisability of making large reductions of staff suddenly. The vote for 1884 was £ E. 100,000. Lord Northbrook proposes to bring this down to £ E. 70,000; but only to reach the lower level gradually.

The reduction of £ E. 58,794 in the Ministry of the Interior is due to a transfer of the greater part of the Rouznameh to the sub-head "Miscellaneous Services," and the transfer above alluded to of the accounts to the Ministry of Finance.

The decrease of £ E. 1,996 in the vote for the Ministry of Public Works is explained as follows:—

							£ E.
Transfer of accounts to Ministry of Finance	..	..	..	..	..	..	4,000
Transfer of "Vairie" to Governorship of Cairo	..	..	..	..	..	..	10,000
Total	..	..	..	..	..	..	14,000
Deducting this sum from	..	..	..	..	..	..	515,000
We obtain a total of	..	..	..	..	..	..	501,000

The present vote is therefore a virtual increase over Lord Northbrook's figure of £ E. 12,004.

This is justified on the same grounds as the increase in Public Instruction, namely, that Lord Northbrook's figures could not be adopted at once without dismissing a large number of Government servants.

The increase in the vote for Miscellaneous Services is due to the transfer above alluded to of the Rouznameh from the Ministry of the Interior. It will be seen that considerable economy has been made.

Under the sub-head "Administration and Revenue Collection in the Provinces, Governorships, and Municipalities," there is an increase of £ E. 1,274, which is thus explained:—

							£ E.
Transfer from the Ministry of Public Works	..	..	..	..	..	..	10,000
On the other hand, the Fire Brigade has been transferred to Public Security	..	..	..	..	..	..	13,000
Transfer to the Ministry of Finance on account of control in the Daïra Beledieh	..	..	..	..	..	..	1,000

The net vote should therefore have been £ E. 327,000. This figure will be reached by the beginning of 1886.

The remaining sub-heads call for no particular observations.

EXPENDITURE OF RECEIPT DEPARTMENTS.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
The railways	562,000	535,351
Helouan Railway	7,000	7,345
Telegraphs	36,000	41,765
Alexandria Harbour	35,000	30,939
Post Office	79,000	84,140
Postal boats	121,000	120,600
Lighthouses	40,000	31,496
Ports other than that of Alexandria	3,000	11,129
The Mint	3,000	2,413
Total	886,000	865,178

The Railway vote is £ E. 26,649 less than that provided by Lord Northbrook. A long correspondence has taken place between the Ministry of Finance and the Railway Board on the subject of increase of pay to railway servants. Under the present financial circumstances the Ministry has refused to sanction any increases of salary. The Railway Board contest this right. I have little doubt that a larger sum may practically be spent on the improvement of the permanent way and rolling stock; but it appears undesirable to suggest an increase of expenditure unless the Egyptian Government has the assurance that the money will be expended in the most advantageous and economical manner.

The increase of £ E. 5,765 in the Telegraph vote is due to necessary repairs of existing lines.

The decrease of £ E. 4,061 as regards the harbour of Alexandria is due to a diminution of the paving operations for 1885.

The increase of the Post Office vote by £ E. 5,140 is justified by extension of service referred to under Receipts.

The budget of the postal steamers has been reduced notwithstanding the extension of the service to Syria, already referred to. This result is very satisfactory.

The votes for the light-houses and the ports other than that of Alexandria

should be taken together. It has been found more convenient to place the frigates "Mehemmed Ali" and "Sakka" in the ports budget rather than in the light-houses budget.

PUBLIC SECURITY.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Ministry of War	360,000	378,625
Police and Fire Brigade	27,000	22,000
Prisons	27,000	22,000
Total	387,000	400,625

The increase under this head is explained by the transfer of the fire brigade from the provincial administration to the police, £ E. 13,000.

The Army vote is rather higher than Lord Northbrook's estimate on account of the Khedive's Aides-de-camp (who were not previously provided for) and the forts of the Hedjaz.

On the other hand, prison expenditure has been reduced by £ E. 5,000.

SOUDAN.

	Lord Northbrook's Estimate, 1886.	Budget for 1885.
	£ E.	£ E.
Eastern Soudan	120,000	120,000

PENSIONS.

							£ E.
Lord Northbrook's estimate	..	..	..	..	..	..	457,000
Egyptian Budget for 1885	..	..	..	..	..	..	453,200

It is to be feared that in 1886 Lord Northbrook's figure will be exceeded unless a reduction is made in pensions already granted.

Under present circumstances this reduction is impossible.

TRIBUTE AND DEBT.

							£ E.
Tribute—							
Lord Northbrook's estimate	..	..	..	..	..	..	664,000
Egyptian Budget for 1885	..	..	..	..	..	..	678,397

The difference is due to the tribute of Zeyla which Lord Northbrook thought would not have to be paid in 1886. There is no resource but to pay it in 1885.

It is difficult to make a comparison between the expenditure on debt foreseen by Lord Northbrook and that inscribed in the Budget of 1885.

The following are the details of the Budget estimate:—

							£ E.
Privileged Debt (interest and sinking fund)	..	..	..	..	..	..	1,158,263
Unified Debt (interest at 4 per cent.)	..	..	..	..	..	..	2,183,662
Interest on Suez Canal shares	..	..	..	..	..	..	193,858
Daïra Khassa annuity	..	..	..	..	..	..	34,000
Moukabala	..	..	..	..	..	..	150,000
Domains deficit	..	..	..	..	..	..	194,649
Daïra Sanieh deficit	..	..	..	..	..	..	150,000
Interest on floating debt, bank commissions, and exchange operations	..	..	..	..	..	..	140,000
Total	..	..	..	..	..	..	4,204,432

The only items in the above which require explanation are the Domains and Daïra deficits. The figure of the Domains deficit has been taken from the Domains Budget. The estimate of the Daïra deficit has been adopted after consultation with the English Administrator of the Daïra.

The last items in the above list includes:—

							£ E.
Bank commissions and exchange operations	..	..	..	..	..	..	20,000
Interest on money borrowed (representing 6 per cent. on 2,000,000L.)	..	..	..	..	..	..	120,000

It depends entirely on circumstances which the Egyptian Government cannot control, whether such a large sum as the last figure will have to be expended in the above manner.

The Extraordinary Expenditure in the Budget of 1885 amounts to £ E. 682,833, composed as follows :—

	£ E.
Police (supplementary credit on account of the new organization)	32,833
Army (credit on account of the war in the Soudan)	150,000
Army of Occupation	100,000
Western Soudan	400,000
Total	682,833

The supplementary credit for the police has been placed in the Extraordinary Expenditure, as it is mainly due to the Soudan campaign. If Egyptian troops were not required on the southern frontier, a large number of men could be drafted from the Egyptian army into the police, replacing constables and sub-constables now drawing higher rates of pay. This expenditure will, it is anticipated, cease in 1886.

In case the Soudan campaign is brought to a speedy close, it may be possible to reduce the Army vote; but expenditure on the army in the Soudan is now going on at a very unsatisfactory rate.

The figure for the Army of Occupation has been set down *pro formâ*; no decision having as yet been come to with regard to the amount to be paid by Egypt.

An accurate estimate under the head of "Western Soudan" is impossible. Arrears of pay are now being accumulated; and if communications are not soon established and the final liquidation of Soudan employes and soldiers brought about, the sum of £ E. 400,000 will not suffice. Our information with regard to the Government indebtedness in the Soudan is not sufficiently accurate to allow me to put forward the above figure with any degree of confidence.

Taking the grand totals of the expenditure, we find that the Budget estimate for 1885 shows an increase over Lord Northbrook's estimate of £ E. 24,637, of which £ E. 13,356 are on account of the tribute of Zeyla, leaving only £ E. 10,637 to be reduced in the course of 1885.

COMPARISON of the Budgets of 1884 and 1885.

RECEIPTS.					1884.	1885.
					£ E.	£ E.
Direct Contributions					5,366,203	5,116,000
Indirect Contributions					1,582,829	1,628,907
Revenues of Receipt Departments					1,596,900	1,669,335
Receipts of Administration Departments					338,906	348,598
Rent of Government land					77,000	80,944
Contributions to Pension Fund					52,731	52,731
Total					9,011,569	8,896,515

From the above comparison we find that a diminution has been made in the estimate for Direct Contributions, owing to a fall in the price of cereals, the failure of the Nile in 1884, and the general poverty in Upper Egypt, and that a slight increase is anticipated in the Indirect Contributions over 1884, due to the operation of the new Commercial Conventions, to the prevention of contraband, and to improved administration both of the custom-house and of the octrois.

The Receipt Departments show a satisfactory increase, due to increased receipts on the Railway and to an extension of the Postal Services. These increases naturally entail increased expenditure.

Receipts by Government Departments, rent of Government land, and contributions to pension fund, call for no comment.

EXPENDITURE.			1884.	1885.
			£ E.	£ E.
Civil List, allowances, and Cabinet of His Highness the Khedive			350,812	358,100
Expenses of administration and collection			1,902,021	1,857,137
Expenditure of Receipt Departments			845,732	865,178
Public security			512,861	400,625
Eastern Soudan			110,000	120,000
Pensions			336,835	453,200
Tribute and Debt			4,398,526	4,882,829
Total			8,456,587	8,937,069

The Budget of Expenditure can be roughly divided into two parts :—

1. Charges which it is not in the power of the Government to diminish.
2. Expenditure which within certain limits the Government can control and curtail.

The former of these divisions consists of the Civil List, Pensions, Tribute, and Public Debt. These all show an increase over 1884; but it must not be supposed that the whole amount of the increase which appears at first sight is real. The great difference between the Budget of 1885 and that of 1884 is that this year the whole of the expenditure that can be foreseen has been set down, whereas in previous years certain items, such as the deficit on the Domains and Daïra, expenses of the Army of Occupation, &c., were not mentioned in the Budget, and were left over for settlement until the end of the year.

In the other part of the Budget of Expenditure a very satisfactory reduction has been effected. Administration and revenue collection is estimated to cost £ E. 1,857,137, against £ E. 1,902,021 in 1884 and £ E. 1,932,583 in 1883. Public security will be assured at £ E. 400,625 as compared with £ E. 512,861 in 1884 and £ E. 586,656 in 1883. The expenses of Receipt Departments show a slight increase, which is due to an extension of the Service and to larger expenditure on maintenance, which is compensated by an increase of receipts.

(Signed) EDGAR VINCENT.

January 10, 1885.

No. 86.

Sir J. S. Lumley to Earl Granville.—(Received January 20.)

E
(No. 15. Secret.)
My Lord,

Rome, January 15, 1885.

M. MANCINI, who called on me this evening, was good enough to show me the copy of the despatch Baron Uxküll had left with him on the subject of the claim of Russia and Germany to be represented on the Commission of the Egyptian Caisse, the last phrase of which is to the following effect :—

"La réponse du Khédive et de son Conseil ayant mis en avant la nécessité d'une entente avec les Puissances, nous croyons, avant de prendre des déterminations ultérieures, devoir demander au Gouvernement Italien si, pour sa part, il se place au même point de vue que le Khédive, et si dans ce cas il considère la réclamation présentée par les Gouvernements de Russie et d'Allemagne comme fondée en justice."

M. Mancini said that Baron Uxküll had urged him in the strongest way to support the Russian claim and to give his reply without reservation.

This, M. Mancini said, referred to the fact that Nubar Pasha had described the consent of Italy as having been given with reservation, but that expression did not correctly represent the reply of the Italian Government, which was to the effect that although, as they had shown at the London Conference, they had no objection to the basis ("le fond") of the proposal, the form in which it had to be made was a question to be considered, since it had not been decided whether it was to be the independent act of the Khedive communicated to the Powers, or an act submitted to the Powers before receiving the Khedivial assent, whether it should be promulgated by a Decree,

or should form the subject of a Protocol, to which questions he had received no answer as yet. It would appear, however, from the communication he had just received, that it was to take the form of an independent act of the Khedive, though, as in fact England represented the Khedive, he did not see how such a Decree was to be obtained.

M. Mancini said that he had replied to Baron Uxküll that Italy was prepared to adhere to her promise, and that he would carefully study the question.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 87.

Earl Granville to Sir E. Baring.

(No. 16.)

(Telegraphic.)

Foreign Office, January 20, 1885, 4.30 P.M.

FRENCH counter-proposals officially communicated on 17th, and are as telegraphed to you.

They suggest International Commission of Inquiry, consisting of Representatives of Great Powers at Cairo and the Commissioners of Caisse, including Commissioners for Russia and Germany.

Pending its Report, a provisional 5 per cent. tax on coupons, including Dairas and Domains, to be reimbursed should inquiry prove it unnecessary, and calculated to produce about £ E. 200,000.

Extension of certain taxes to foreigners, estimated to produce £ E. 100,000.

New loan, under collective guarantee of Powers, at 3½ per cent., as first charge.

Second charge to be other loans and interest on Canal shares, which is reduced ½ per cent.

All sinking funds to be suspended.

Third charge to be cost of administration, as fixed by Lord Northbrook, with £ E. 150,000 for Moukabalah and £ E. 120,000 for Army of Occupation.

French despatch concludes by pressing for immediate consideration of Suez Canal question by a Conference or otherwise, on basis to secure its free navigation at all times under international guarantee.

Austrian and German Ambassadors presented notes yesterday, making same proposals in less detail.

Russian Government approves scheme in principle, reserving question of guarantee.

No. 88.

Earl Granville to Sir J. S. Lumley.

E

(No. 18.)

Sir,

Foreign Office, January 20, 1885.

THE Italian Ambassador has informed me of the communication made to his Government by the German and Russian Ambassadors at Rome as to the admission of German and Russian representatives on the Commission of the Caisse, which your Excellency has already reported by telegraph.

Count Nigra added that M. Mancini had replied to the enquiry of the two Governments as to his opinion of the legitimacy of their demand, that he had already admitted it at the time of the Conference in London, and that his present answer must be the same as then.

As regards the question whether the two fresh Commissioners could be appointed by a simple Decree of the Khedive without the assent of the other Powers, M. Mancini had reserved his reply for a day in order to study the question. Count Nigra said that his Excellency was desirous of learning my opinion on the subject.

I have told his Excellency that inasmuch as the Law of Liquidation incorporated and adopted the institution of the Caisse de la Dette Publique as then constituted—with four Commissioners—the Khedive no doubt considered that he was no longer at liberty to increase or reduce the number of Commissioners without the assent of the Powers.

But I said that Her Majesty's Government had no objection in principle to the proposed addition of German and Russian Representatives to the Caisse, nor any desire

Sir E. Baring to Earl Granville.—(Received by telegraph, January 20.)

(No. 64. Ext. 31.)

My Lord,

Cairo, January 20, 1885.

I HAVE the honour to inclose a Statement showing approximately the accounts of the revenue and expenditure of the Egyptian Government for 1884.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 90*.

APPROXIMATE Accounts of Egyptian Government for 1884.

REVENUE.		EXPENDITURE.	
	£ E.		£ E.
Direct taxes ..	5,313,000	Administration and Debt ..	8,618,000
Railways, Telegraphs, and Port of Alexandria ..	1,529,000	Soudan ..	700,000
Other heads ..	2,428,000	Domains and Daira deficits ..	451,000
Deficit ..	9,300,000	Army of Occupation ..	88,000
Total ..	9,857,000	Total ..	9,857,000

Including full Suez Canal payments.

Viz.: £ E. 156,000 paid in cash by the Government for deficit of 1883, and £ E. 295,000 arrears of taxation for 1883 and 1884. The remainder of the 1884 deficits are payable in 1885.

The amount actually disbursed.

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to oppose the wishes of two friendly Governments, on whose co-operation they count for the settlement of the graver questions of Egyptian finance, and they are prepared to discuss at once with them the mode in which the addition to the Caisse can be made without exceeding the present reduced estimate of the cost of that establishment.

I am, &c.
(Signed) GRANVILLE.

No. 89.

Earl Granville to Sir A. Paget.

E
(No. 29.)
Sir,

Foreign Office, January 20, 1885.

THE Austro-Hungarian Ambassador informed me to-day, with reference to the statement already made to me by his Excellency as to the participation of his Government in a guarantee of the proposed Egyptian loans being subject to the sanction of the Delegations, that Count Kálnoky wished it to be distinctly understood that the readiness of Austria-Hungary to accept her share of the guarantee was at present duly expressed in principle, and depended on the consent of all the Powers to the proposal. His Excellency added that his Government must reserve their final decision until the question of the distribution of the charges and other details had been settled by further negotiations.

I am, &c.
(Signed) GRANVILLE.

No. 90.

Sir E. Baring to Earl Granville.—(Received January 21, 8.30 A.M.)

(No. 31.)

(Telegraphic.)

Cairo, January 20, 1885, 10.50 P.M.

THE approximate accounts for 1884 show the following results:—
Revenue: Direct taxes, £ E. 5,313,000.
Increase greatly due to severe collection of arrears from large land-holders, and to transfer to credit of Domains and Daira on account of arrears of land tax for 1883.
Railways, Telegraphs, and Port of Alexandria, £ E. 1,529,000.
Increase greatly due to Soudan expedition and transport of Government cereals.
Other heads, £ E. 2,428,000.
Total, £ E. 9,300,000.
Expenditure: Administration and Debt, including full judicial payments, £ E. 8,618,000.
Soudan, £ E. 700,000. Domains and Daira deficits, £ E. 451,000, being £ E. 156,000 paid in cash by Government for deficit of 1883, and £ E. 295,000 arrears of taxation for 1883 and 1884.
The remainder of the 1884 deficits are payable in 1885.
Army of Occupation, £ E. 88,000, being amount actually disbursed.
Total, £ E. 9,857,000.
Deduct revenue, £ E. 9,300,000; deficit, £ E. 557,000.

No. 91.

Sir J. S. Lumley to Earl Granville.—(Received January 21, 2 P.M.)

(No. 9.)

(Telegraphic.)

Rome, January 21, 1885, 11.35 A.M.

REPLY of Italian Minister for Foreign Affairs to notes of Russian and German Governments on subject of their Representatives to Caisse of Egyptian Debt is that Italy has no objection to make to it, though solution of mode of admission may be subject of discussion; but Italy will accept the form to which the other Powers agree.

It was given yesterday.

No. 92.

Earl Granville to Sir J. S. Lumley.

(No. 7.)

(Telegraphic.)

Foreign Office, January 21, 1885, 3 P.M.

YOUR telegram No. 8 of 18th.

Will send you decision of Her Majesty's Government as soon as possible.

No. 92*.

*Earl Granville to Viscount Lyons.***E**

(No. 69.)

My Lord,

Foreign Office, January 21, 1885.

THE French Ambassador called upon me this evening at my request, and I informed his Excellency that the communication which he had made to me on the 17th instant with regard to the financial situation of Egypt had been carefully considered by the Cabinet.

I told him that Her Majesty's Government recognized with satisfaction the advance which the French Government have made towards a settlement of the financial question in Egypt. They have accepted a temporary sacrifice by the bondholders, and they have agreed to give strength to the financial position of Egypt by their assent to our proposal that the Egyptian Government should be given power to tax foreigners.

As regards the proposal that there should be a loan of 9,000,000*l.* guaranteed by the Powers, to be a pre-preference stock, we have no desire to ask the Powers to share with us the liability which such a guarantee would involve; still, if it is the desire of the Powers to join in a loan on the same principle as the Anglo-French guarantee of the Turkish Loan in 1855, we are ready to concede the point.

As regards the proposal for a Commission of Inquiry, there appear to Her Majesty's Government to be reasons of great weight against it. Besides the anomalous constitution of the Board, consisting of seven diplomatists (for Turkey could not be refused admission to it) and of six members of the Caisse, who are *ex officio* representatives only of the bondholders, there are the following strong objections to it under present circumstances.

The most recent information we have received shows that the Egyptian Government have been seriously occupied in reducing their expenditure, and have succeeded in doing much in that direction. When their revenue is increased by the power of taxing foreigners, and the richer natives; and by the restoration of commercial prosperity, owing to the payment of the indemnities, and the renewal of confidence, it may be that no permanent sacrifice will be required of the bondholders.

The prospect of this result would be greatly diminished by a proceeding which could not fail to impair the authority of the Egyptian Government and interfere with the effective financial reform which is now in progress. It would militate against the interests of the Egyptian people, and of those who have claims upon them. Should, however, such a permanent sacrifice appear to us, after the experience of the next two years, to be required, it would then become a fair matter of consideration whether, before that sacrifice is imposed on the bondholders, an International Commission, similar to that which was held before the Law of Liquidation was passed, should be appointed.

In respect to the proposals that the *Daïra* and Domains Loans should be converted and the lands held as security for our proposed loan, we are prepared to give it up in deference to the views of the French Government, but we are much impressed with the necessity, in the interest of the finances of Egypt, for some change in the system of the administration of those lands.

We shall be happy to discuss this matter with the French Government, and in so doing we can assure them that we have no desire to obtain for Englishmen any exclusive powers or advantages.

With regard to the last proposal of the French Government, we entirely adhere to our proposals for the freedom of the Suez Canal, and fully concur that it would be desirable that such an arrangement should be embodied in a Treaty.

In giving this answer we have purposely avoided all details, but if the French Government agree to the basis, we have no doubt that a satisfactory arrangement will be made.

M. Waddington thanked me for this communication, which he said he would forward to his Government at once.

I am, &c.
(Signed) GRANVILLE.

No. 93.

Viscount Lyons to Earl Granville.—(Received January 22.)

(No. 42.)

My Lord,

Paris, January 21, 1885.

THIS afternoon, in execution of the instruction conveyed to me by your Lordship's despatch No. 41 of the 16th instant, I said to M. Jules Ferry that your Lordship had desired me to express to him the satisfaction with which Her Majesty's Government had received his promise to use his influence at Cairo to obtain a postponement of the time fixed for hearing the appeal in the suit of the Caisse against the Egyptian Government. Her Majesty's Government, I added, considered that it tended to remove a danger to a friendly settlement, and that it showed the disposition of the French Government to be favourable to a satisfactory understanding.

M. Ferry begged me to convey to your Lordship his cordial acknowledgments for this friendly message.

I have, &c.
(Signed) LYONS.

No. 94.

Earl Granville to Sir E. Baring.

(No. 18.)

(Telegraphic.)

Foreign Office, January 22, 1885, 5 P.M.

YOUR despatch No. 38.

Chancellor of Exchequer asks why cost of Army of Occupation is stated in Provisional Budget for 1885 at 100,000*l.*? We have not consented to any change for 1885 from basis settled in 1882, whatever may be proposed for subsequent years.

No. 95.

Earl Granville to Sir E. Baring.

(No. 19.)

(Telegraphic.)

Foreign Office, January 22, 1885, 6.30 P.M.

YOURS No. 31.

Chancellor of Exchequer asks how much is due on account of Army of Occupation in 1884 and on account of Suez Canal interest, of which no mention is made; and what would be the deficit if all arrears of 1884 were paid.

No. 96.

*Earl Granville to Viscount Lyons.**

(No. 4.)

(Telegraphic.)

Foreign Office, January 22, 1885, 7.30 P.M.

EGYPT finance: French proposals.

I have communicated to French Ambassador decision of Cabinet, as follows:—

We have no desire to ask the Powers to share guarantee of 9,000,000*l.* loan; but if they desire to join on principle of Anglo-French guarantee of Turkish 1855 Loan, we will consent.

We object to Inquiry Commission, for which we have given reasons. It is possible that no permanent sacrifice by bondholders may be necessary, but if found to be so in two years we would consider question of an inquiry by a Commission like that resulting in Liquidation Law.

* Also to Sir J. S. Lumley (No. 8), Sir A. Paget (No. 9), Sir E. Malet (No. 14), Sir E. Thornton (No. 5), Mr. Wyndham (No. 5), and Sir E. Baring (No. 20).

We waive our proposals as to Daira and Domains. We feel strongly necessity of change in administration, and are ready to discuss matter with France.

We concur as to Suez Canal, and think arrangement should be embodied in a Treaty.

Communicate above to Government to which you are accredited.

No. 97.

Earl Granville to Count Munster.

M. l'Ambassadeur,

Foreign Office, January 22, 1885.

I HAD the honour to receive from your Excellency, on the 13th instant, a despatch from the German Government, dated the 6th of this month, in which Prince Bismarck, after relating the circumstances connected with the application recently addressed by Germany and Russia to the Khedive for the appointment of Commissioners on the Caisse de la Dette," inquires whether the claim of the two Powers to be represented in that institution is held by Her Majesty's Government to be well founded.

I beg leave to inform your Excellency, in reply to that inquiry, that in the view of Her Majesty's Government, although there may be reasonable grounds for acceding to the wishes of Germany and Russia in this matter, they cannot admit that any foreign Government is entitled to claim as of right any change in the present constitution of the Caisse.

That institution was created by the Khedive by a Municipal Decree issued in 1876, and at any time previously to the international arrangements of 1880, it would have been competent to His Highness, by further Municipal Decrees and of his own free will, to alter the constitution of the Caisse by increasing or reducing the number of Commissioners, or even by substituting Egyptian for foreign Commissioners. But in 1880 the Caisse was administered by four foreign Commissioners, and as so constituted it became an integral part of the financial arrangement assented to by the Powers, and carried out by the Law of Liquidation. It cannot be a matter of surprise, therefore, if the Khedive should hesitate on his own motion either to increase or to reduce the number of Commissioners, or to disturb in any way the conditions under which the Caisse discharged its functions at the time when it was incorporated in the Law of Liquidation, and became part of the machinery adopted to carry out its objects.

It appears to Her Majesty's Government that the reason why Germany and Russia were not represented on the Caisse with the other Powers in 1876 is, that the object of the Commission was to secure the interests of the European creditors from the danger of interference on the part of the Khedive, Ismail Pasha, a matter in which it was believed that German and Russian subjects had no concern, and, in fact, the German Government were informed last year for the first time of the large amount of Egyptian stock then held in Germany.

During a conversation with your Excellency on this subject on the 29th ultimo, I had great pleasure in expressing my readiness, after the assurances I had received from your Government, to discuss at once the mode in which an addition to the Commissioners on the Caisse might be made.

Her Majesty's Government have no objection in principle to the proposed additions, and no desire to oppose the wishes of two friendly Governments, on whose co-operation they count for the settlement of the more important questions relating to the finances of Egypt. They await with interest the reply of the German Government to their proposal to discuss the best mode of making these additions, without exceeding the reduced estimate of the cost of the Caisse.

I have, &c.
(Signed) GRANVILLE.

No. 98.

Earl Granville to Count Károlyi.

EARL GRANVILLE presents his compliments to Count Károlyi, and, in accordance with the promise given to his Excellency on the 19th instant, has the

honour to inclose a Memorandum containing the views of Her Majesty's Government with regard to the claim of Germany and Russia to be represented on the Caisse de la Dette in Egypt.

Foreign Office, January 22, 1885.

Inclosure in No. 98.

Memorandum for Count Károlyi.

IN the view of Her Majesty's Government there may be reasonable grounds for acceding to the wishes of Germany and Russia to be represented on the Caisse de la Dette in Egypt, but they cannot admit that any foreign Government is entitled to claim as of right any change in the Caisse as at present constituted.

That institution was created by the Khedive by a Municipal Decree issued in 1876, and at any time previously to the international arrangements of 1880 it would have been competent to His Highness, by further Municipal Decrees, and of his own free will, to alter the constitution of the Caisse by increasing or reducing the number of Commissioners, or even by substituting Egyptian for foreign Commissioners. But in 1880 the Caisse was administered by four foreign Commissioners, and, as so constituted, it became an integral part of the financial arrangement assented to by the Powers and carried out by the Law of Liquidation.

It cannot be a matter of surprise, therefore, if the Khedive should hesitate, of his own motion, either to increase or to reduce the number of Commissioners, or to disturb in any way the conditions under which the Caisse discharged its functions at the time when it was incorporated in the Law of Liquidation, and became part of the machinery adopted to carry out its objects.

It appears to Her Majesty's Government that the reason why Germany and Russia were not represented on the Caisse with the other Powers in 1876 is, that the object of the Commission was to secure the interests of the European creditors from the danger of interference on the part of the Khedive, Ismail Pasha, a matter in which it was believed that German and Russian subjects had no concern.

Her Majesty's Government have assured the German and Russian Governments that they have no objection in principle to the proposed additions, and whilst counting on their co-operation for the settlement of the more important questions relating to the finances of Egypt, they have offered to discuss the best mode in which these additions can be made without exceeding the reduced estimate of the cost of the Caisse.

Foreign Office, January 22, 1885.

No. 99.

Sir E. Baring to Earl Granville.—(Received January 23, 11 A.M.)

(No. 35.)

(Telegraphic.)

Cairo, January 23, 1885, 10.45 A.M.

YOUR telegram No. 19 of yesterday.

The full payments on account of Suez Canal falling due on 1st June and 1st December, 1884, and amounting together to about £ E. 193,000, are, as stated in my telegram No. 31, included in the figure of 8,618,000*l*.

I will answer later about Army of Occupation.

No. 100.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 23.)

(No. 71. Ext. 35.)

My Lord,

Cairo, January 23, 1885.

IN reply to your Lordship's telegram No. 19 of yesterday, I have the honour to state that the full payments on account of the Suez Canal shares, which fell due on the 1st June and on the 1st December, 1884, and which amount together to about £ E. 193,000, are, as stated in my despatch No. 61 of the 20th instant, included in the figure of 8,618,000*l*.

I will reply in a separate despatch to your Lordship's inquiries respecting the charges for the Army of Occupation.

I have, &c.
(Signed) E. BARING.

No. 101.

Sir E. Malet to Earl Granville.—(Received January 23, 1.15 P.M.)

(No. 11.)

(Telegraphic.)

Berlin, January 23, 1885, 12.51 P.M.

IN communicating substance of your Lordship's telegram No. 14, I have said that I do so under telegraphic instructions pending any official reply resulting from communications on the same subject which, I understand, have been made to your Lordship by the German Ambassador at London.

I have done this to guard against misinterpretation on point of form.

No. 102.

Sir E. Baring to Earl Granville.—(Received January 23, 2 P.M.)

(No. 36.)

(Telegraphic.)

Cairo, January 23, 1885, 11.10 A.M.

YOUR telegram No. 18 of yesterday.

The figure of 100,000*l.* was, as explained in Mr. Vincent's Memorandum, only entered *pro formâ*. It is fully understood that the amount is not yet fixed.

I had not, however, until now understood that a distinction was to be made between 1885 and subsequent years, and I hope that if this is to be done no final decision will be taken yet. If an arrangement is concluded on lines of last proposals made by Her Majesty's Government to the French, it becomes of the utmost importance to make every effort to resume full payment of the coupons two years hence. This is much more important than getting a little more or less for the Army of Occupation expenses during 1885. In view especially of the uncertainty of Soudan expenditure, it is impossible to say at present how much can be paid in 1885 for Army of Occupation expenses, without adopting the highly objectionable course of commencing a new floating debt.

No. 103.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 23.)

(No. 72. Ext. 36.)

My Lord,

Cairo, January 23, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 18 of yesterday.

The figure of 100,000*l.* for the Army of Occupation was (as explained in Mr. Vincent's Memorandum, inclosed in my despatch No. 38 of the 11th instant) only entered in the Provisional Budget *pro formâ*. It is fully understood that the amount is not yet fixed.

I had not, however, until now understood that a distinction was to be made between the year 1885 and subsequent years; and I hope that if this is to be done, no final decision will be taken yet.

Should an arrangement be concluded on the lines of the last proposals made to the French by Her Majesty's Government, it becomes of the utmost importance to make every effort to resume full payment of the coupons in two years hence.

This is much more important than getting a little more or less for the expenses of the Army of Occupation during 1885. Owing especially to the uncertainty connected with the Soudan expenditure, it is impossible to say at present how much can be paid in 1885 for the Army of Occupation, without adopting the highly objectionable course of commencing a new floating debt.

I have, &c.
(Signed) E. BARING.

No. 104.

*Earl Granville to Sir E. Malet.**

(No. 48 A.)

Sir,

Foreign Office, January 23, 1885.

I TRANSMIT herewith a copy of a despatch which I have addressed to Her Majesty's Ambassador at Paris,† containing the reply of Her Majesty's Government to the French counter-proposals on the subject of Egyptian finance, and I have to request your Excellency to communicate a copy to the Government to which you are accredited.

I am, &c.
(Signed) GRANVILLE.

No. 105.

Earl Granville to Sir E. Malet.

E

(No. 51.)

Sir,

Foreign Office, January 23, 1885.

THE German Ambassador called upon me this afternoon and informed me that Prince Bismarck had telegraphed to him that he understood that Her Majesty's Government do not object to the appointment of a German and a Russian Commissioner to the Caisse de la Dette Publique, and that he would therefore be obliged if we would give this information to the Khedive.

I asked Count Münster whether the Chancellor agreed to the arrangement being made, subject to the reduction of the expenses of the Caisse to the sum fixed in Lord Northbrook's estimate.

His Excellency said he thought Prince Bismarck would not object, but that he was not able to give a positive answer.

I requested Count Münster to ascertain the fact, and said that upon receiving the assurance I should be willing to inform the Khedive to the effect desired, and that His Highness, I had no doubt, would act upon the suggestion, provided that the other Powers concurred in the proposal as to expenditure adopted by the British and German Governments.

I am, &c.
(Signed) GRANVILLE.

No. 106.

Sir J. S. Lumley to Earl Granville.—(Received January 24.)

(No. 18.)

My Lord,

Rome, January 20, 1885.

A TELEGRAPHIC despatch from Cairo announces that M. Baravelli has resigned his office of Italian Commissioner at the Board of the Treasury of the Egyptian Public Debt, being desirous of returning to Italy for family reasons; he will, however, remain at Cairo until the arrival of his successor.

M. Mancini tells me that there is some difficulty in finding a proper person to replace M. Baravelli, but that his successor will be an employé of the Italian Department of Finance, who, however, will not be in the independent position of M. Baravelli, but will only be temporarily detached from that Department.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 107.

Viscount Lyons to Earl Granville.—(Received January 24.)

E

(No. 47.)

My Lord,

Paris, January 23, 1885.

I WENT to M. Jules Ferry this afternoon and recited to him, exactly in the terms of your Lordship's telegram of last evening (No. 4), the communication you had

* Also to Sir E. Thornton (No. 34), Sir A. Paget (No. 28), Sir J. S. Lumley (No. 22), and Mr. Wyndham (No. 40).

† No. 92*.
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made to M. Waddington of the decision of the Cabinet on the counter-proposals respecting the Egyptian finances.

M. Ferry referred as I went on to a paper which lay upon his table, and when I ended, observed that what I had said was in substance identical with the Report which M. Waddington had sent of your Lordship's communication to him.

He expressed satisfaction with the communication, and said that it was a very good beginning.

I remarked to him that time was very precious, and begged him to proceed expeditiously. This he promised to do.

I have, &c.
(Signed) LYONS.

No. 108.

Sir E. Malet to Earl Granville.—(Received January 24, 1 P.M.)

(No. 12. Confidential.)
(Telegraphic.)

Berlin, January 24, 1885, 12.15 P.M.

PRINCE BISMARCK told me this morning that he believes that French Government are satisfied with reply of Her Majesty's Government regarding Egyptian finances.

No. 109.

Sir E. Malet to Earl Granville.—(Received by telegraph, January 24.)

(No. 44. Confidential. Ext. 12.)

My Lord,

Berlin, January 24, 1885.

I HAVE the honour to inform your Lordship that Prince Bismarck stated to me this morning that, from the information which he had received, he believed that the French Government were satisfied with the reply which Her Majesty's Government had returned to their counter-proposals respecting Egyptian finance.

I have, &c.
(Signed) EDWARD B. MALET.

No. 110.

Sir E. Baring to Earl Granville.—(Received January 25, 4.30 P.M.)

(No. 42.)

(Telegraphic.)

Cairo, January 25, 1885, 3.55 P.M.

MY telegram No. 19 of 12th: Moukabala.

Caisse having again pressed for payment, Egyptian Government has replied recognizing the debt, but requesting them to postpone payment for the present.

No. 111.

Sir J. S. Lumley to Earl Granville.—(Received by telegraph, January 25.)

(No. 21. Confidential. Ext. 8.)

My Lord,

Rome, January 25, 1885

THE French Ambassador has presented to M. Mancini the counter-proposition of the French Government on the subject of Egyptian finances.

M. Decrais said that his Government hoped Italy would adhere to it, as Germany, Austria, and Russia have already done; and he added that M. Grey, wishing to give a proof of his confidence in the Italian Government, trusted they would employ their good offices, as they had already done in London, by endeavouring to conciliate any differences that might exist between the French proposal and that presented by the English Government.

Signor Mancini remarked to M. Decrais that the adhesion of Italy had only been asked for after the terms of the counter-proposal had been settled with the other

No. 110*.

Sir E. Baring to Earl Granville.—(Received by telegraph, January 25.)

(No. 79. Ext. 42.)

My Lord,

Cairo, January 25, 1885.

WITH reference to my despatch No. 40 of the 12th instant, I have the honour to inclose copies of correspondence between the Commissioners of the Public Debt and the Minister of Finance on the subject of the sum due to the former on account of Moukabala compensations.

Your Lordship will observe that, the Caisse having been again pressed for payment, the Egyptian Government has replied, recognizing the debt, but requesting them to agree to a postponement of payment for the present.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 110*.

Baron Vetsera to Moustapha Fehmy Pasha.

*Caisse de la Dette Publique, le Caire,
le 16 Décembre, 1884.*

M. le Ministre,

NOUS avons l'honneur de rappeler à votre Excellence que le Ministère des Finances aura à verser à la Caisse de la Dette, avant le 31 Décembre courant, la somme de £ E. 79,449.76, représentant les compensations de Moukabalah à effectuer en 1884 dans les provinces affectées à la dette.

Votre Excellence n'ignore pas que d'après le Décret du 27 Juin, 1883, tous les comptes d'un exercice doivent être clôturés à la fin de l'année. Nous devons donc, à la date du 31 Décembre courant, fermer nos comptes de recettes sur les revenus affectés, et, par suite, il serait urgent que la somme précitée nous fût versée à temps pour figurer dans nos écritures avant la clôture de l'exercice en cours.

Veillez, &c.
Le Commissaire de Service,
(Signé) VETSERA.

Inclosure 2 in No. 110*.

M. Baravelli to Moustapha Fehmy Pasha.

*Caisse de la Dette Publique, le Caire,
le 21 Janvier, 1885.*

M. le Ministre,

PAR lettre en date du 16 Décembre dernier, nous avons prié votre Excellence de nous faire verser la somme de £ E. 79,449.76, représentant les compensations de Moukabalah à effectuer en 1884 dans les provinces affectées.

Aucune suite n'ayant été donnée jusqu'à présent à notre demande, nous venons de nouveau vous prier de vouloir bien faire verser à notre Caisse la somme ci-dessus indiquée, qui aurait dû nous parvenir avant le 31 Décembre, 1884.

Veillez, &c.
Le Commissaire de Service,
(Signé) BARAVELLI.

Inclosure 3 in No. 110*.

Moustapha Fehmy Pasha to the Commissioners of the Public Debt.

Messieurs,

Ministère des Finances, Caire, le 24 Janvier, 1885.

J'AI eu l'honneur de recevoir les lettres que vous avez bien voulu m'adresser le 16 Décembre, 1884, et le 21 Janvier courant, pour me demander de vous faire verser la somme de £ E. 679,119.76, représentant les compensations de Moukabalah dues en 1884 dans les provinces affectées.

Je regrette vivement que la situation obérée du Trésor ne m'a pas permis de faire face à ce paiement avant le 31 Décembre dernier, date à laquelle les comptes de l'exercice doivent être clôturés, et je viens aujourd'hui vous prier, Messieurs, de vouloir bien consentir à ce que le versement de la somme ci-dessus indiquée soit différé jusqu'à une date que je serai prochainement en mesure de vous indiquer.

Veillez, &c.
(Signé) MOUSTAPHA FEHMY.

Powers; and while thanking M. Grevy for the proof of confidence shown by his request declined it, saying that it could only be taken into consideration if presented by both parties.

As he is pressed for an early reply by the French Ambassador, Signor Mancini would be glad to know the decision of Her Majesty's Government as soon as possible.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 112.

Sir J. S. Lumley to Earl Granville.—(Received by telegraph, January 25.)

(No. 22. Ext. 9.)

My Lord,

Rome, January 25, 1885.

THE Russian and German Ambassadors, especially the former, have been most pressing and incessant in their requests for a speedy reply to the notes they have presented to the Italian Government on the subject of the admission of the Representatives of their respective Governments to the Treasury of the Egyptian Public Debt.

Signor Mancini states in his reply, which was given on the 20th January, that the Italian Government has not altered the opinion it gave on the subject at the London Conference, and has no objection to make to that admission; but as mentioned in the instructions to the Italian Representative at Cairo, it considers the mode of admission of those Representatives would necessarily become the subject of discussion; though, as it was immaterial to them how it was effected, the Italian Government was prepared to adhere to whatever form the other Powers might decide upon.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 113.

Sir E. Malet to Earl Granville.—(Received January 25.)

(No. 41.)

My Lord,

Berlin, January 24, 1885.

I HAVE the honour to inclose copy of the note which, in accordance with the instructions conveyed to me in your Lordship's telegraphic despatch No. 14 of the 22nd instant, I addressed yesterday to Count Hatzfeldt, communicating to his Excellency the decision of Her Majesty's Government with reference to the counter-proposals made by France on the subject of Egyptian finance.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 113.

Sir E. Malet to Count Hatzfeldt.

M. le Secrétaire d'État,

Berlin, January 23, 1885.

I HAVE the honour to inform your Excellency that Lord Granville has communicated to the French Ambassador in London the decision of Her Majesty's Government with reference to the proposals made to them by the French Government on the subject of Egyptian finance.

It is as follows:—

Her Majesty's Government have no desire to ask the Powers to share in guaranteeing the proposed loan of 9,000,000*l.*, but should it be the desire of the Powers to join in guaranteeing the loan on the principle of the Anglo-French guarantee of the Turkish Loan of 1855, Her Majesty's Government agree to such arrangement.

Her Majesty's Government object to the proposed Commission of Inquiry, and have given their reasons for doing so.

It is possible that any permanent sacrifice by bondholders may be unnecessary, but should it be found to be necessary in two years, Her Majesty's Government would

consider the question of an inquiry by a Commission of the same sort as that resulting in the Law of Liquidation.

Her Majesty's Government waive the proposals which they had made with respect to the Daïra and Domains. They feel strongly the necessity of a change being made in regard to their administration, and are ready to discuss the matter with France.

Her Majesty's Government concur in the proposal made with regard to the Suez Canal, and they are of opinion that the arrangement should be embodied in a Treaty.

I have the honour to give the above information to your Excellency under telegraphic instructions from Lord Granville, pending any official reply resulting from communications on the same subject which, I understand, have been made to his Lordship by the Emperor's Ambassador in London.

I have, &c.
(Signed) EDWARD B. MALET.

No. 114.

Earl Granville to Sir E. Malet.

(No. 15.)
(Telegraphic.) *Foreign Office, January 26, 1885, 5.15 P.M.*
EGYPT. M. Ferry considers our reply to French proposals a good beginning.

No. 115.

Earl Granville to Sir E. Baring.

(No. 24.)
(Telegraphic.) *Foreign Office, January 26, 1885, 5.15 P.M.*
BARAVELLI has resigned. His successor will be an employé of the Italian Finance Department, temporarily detached.

No. 116.

Earl Granville to Sir A. Paget.

(No. 30.)
Sir, *Foreign Office, January 26, 1885.*
THE Austro-Hungarian Ambassador called upon me this afternoon, and said he was instructed to offer me the thanks of Count Kálnoky for the communication which your Excellency had made to him of the substance of our reply to the French proposals for the settlement of the Egyptian financial question. Count Kálnoky had expressed his satisfaction with the answer, in which we appeared to meet, to some extent, the wishes of the Powers, and thought that it afforded a good basis for an understanding.

This, Count Károlyi said, was the first impression of the Austro-Hungarian Government, but they reserved to themselves to give later on a more detailed expression of their opinion.

I am, &c.
(Signed) GRANVILLE.

No. 117.

M. Waddington to Earl Granville.—(Received January 27.)

E
M. le Comte, *Londres, le 26 Janvier, 1885.*
J'AI l'honneur de vous annoncer que mon Gouvernement accepte comme base des négociations relatives aux affaires de l'Égypte, le Mémoire que votre Seigneurie m'a remis le 21 de ce mois.

Dès que j'aurai reçu des instructions pour la suite de nos pourparlers sur cette question je m'empresserai d'en entretenir votre Excellence.

Veuillez, &c.
(Signé) WADDINGTON.

No. 116 A.

E *Sir E. Baring to Earl Granville.—(Received January 27.)*
(No. 56.)
My Lord, *Cairo, January 19, 1885.*

IN continuation of my previous despatches on the subject of the proposed demonstration at Alexandria, I have the honour to inclose a copy of a Notice signed by "Un groupe d'Indemnitaires," which was posted at Alexandria yesterday.

Your Lordship will observe that in this document it is stated that the authorities had, "même par la force armée mis obstacle à la manifestation qui devait avoir lieu."

The information I have received goes to show that this statement is incorrect. There was never any intention of preventing the demonstration by force. All that was done was to take proper and reasonable precautions to deal with disorder and acts of violence in the event of their occurring in connection with the demonstration.

I beg to inclose a copy of a further despatch from Mr. Cookson on the subject.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 116 A.

Notice.

Colonies Européennes,

LES autorités ayant même par la force armée mis obstacle à la manifestation qui devait avoir lieu.

Il a été décidé que l'exécution de tout le programme soit remise provisoirement.

La solution de la question seule pourra empêcher une ville en détresse d'exiger justice.

Le droit primera la force.

(Signé) Un groupe d'Indemnitaires.

Inclosure 2 in No. 116 A.

Mr. Cookson to Sir E. Baring.

Sir, *Alexandria, January 18, 1885.*
IN continuation of my despatch of yesterday respecting the proposed demonstration in regard to the payment of the indemnities, I have the honour to report that yesterday at about 5.30 P.M. the inclosed Notice from the Committee of Indemnities was posted in the streets.

This was the consequence of representations made by M. Machiavelli, the Italian Consul, to M. Manusardi, the President of the Committee. Later in the evening I heard from the Greek and Austrian Vice-Consuls that they had circulated Notices—copies inclosed—to their subjects to abstain from taking part in the demonstration. I had myself earlier in the afternoon circulated a notice to the same effect among British subjects.

This morning General Lennox called upon me at 9 A.M. and informed me of the military precautions which had been taken, and which will no doubt be reported to you.

At 9.30 a crowd of persons, of the same character as those who generally are found lounging about that neighbourhood, was collected in the Bourse Street and in the Grand Square adjoining.

At about 10.15 A.M. it had increased perhaps altogether to 500 or 600 persons; and a certain Italian named Archivolti, a person of no consideration whatever, addressed the spectators—for they were apparently nearly all more lookers-on than participants in the affair—in a rambling speech in which he abused the Egyptian Government, the English policy, and the Mixed Courts.

His speech was received with some applause, but had not the least effect on the crowd.

After him a M. Ninci, broker, proposed the adjournment of the meeting for eight days; and then the crowd dispersed in a perfectly quiet manner.

By 10.45 A.M. no sign whatever was left of anything unusual having taken place.

At about 10.15 A.M. the Notice from the French National Delegates, of which I inclose a copy, was posted on the walls.

I cannot but think that it was owing in a great degree to the knowledge of the preparations made by the native police and the English military authorities, that the affair passed off as it has done.

I have, &c.
(Signed) CHAS. A. COOKSON.

Inclosure 3 in No. 116 A.

Notice.

Comité des Indemnités,

LE Comité a l'honneur d'informer la population d'Alexandrie que M. le Consul d'Allemagne a communiqué hier verbalement au Président du Comité la réponse donnée par son Altesse le Prince de Bismarck à la dépêche que le Comité lui avait adressée le 19 Décembre passé en sa qualité du Président de la Conférence de Berlin.

Le Prince dit qu'il a regretté de ne pouvoir communiquer la dépêche à la Conférence et d'en provoquer les délibérations, vu le programme limité de la Conférence, mais que préoccupé de la gravité de la question et de l'urgence de la résoudre, il avait donné copie de la dépêche particulièrement aux Plénipotentiaires des Puissances intéressées à la solution de cette question.

La démarche faite par le Prince de Bismarck est de nature à nous persuader que notre cause est envisagée avec sympathie par les Puissances, et le Comité est convaincu que l'esprit de modération dont la ville d'Alexandrie a fait preuve jusqu'ici dans ses malheurs a certainement influé pour beaucoup à nous prouver cette bienveillance.

Le Président du Comité,
(Signé) A. MANUSARDI.

Alexandrie, le 17 Janvier, 1885.

Inclosure 4 in No. 116 A.

Notice.

(Translation from the Italian.)

THE Consul-General of Austria-Hungary requests his "administrés" to abstain from any hostile manifestation or participation in the meeting proposed to be held on the 18th instant.

The Acting Vice-Consul,
(Signed) DEMSAR.

Alexandria, January 17, 1885.

Inclosure 5 in No. 116 A.

Special Supplement of the "Telegraph."

(Translation.)

THE Hellenic Consulate-General has reason to think that the demonstration proposed for to-morrow, not only will not at this moment contribute to the attainment of the object for which it is held, but may materially injure their interests by disturbing public order, invites all Hellenic subjects to hold aloof from the demonstration, and avoid approaching the place fixed for by those who promote the demonstration.

Alexandria, January 5 (17), 1885.

Inclosure 6 in No. 116 A.

Notice.

THE British Consul requests that all British subjects will not only abstain from taking any part in the demonstration announced for to-morrow, but will also keep away from the place where it is held.

(Signed) CHAS. A. COOKSON.

Alexandria, January 17, 1885.
(Seal.)

Inclosure 7 in No. 116 A.

Notice.

LES Députés de la nation engagent les citoyens et les protégés Français à s'abstenir de prendre part à la manifestation projetée pour ce matin au sujet des indemnités.

(Signé) GILLY.
GUERRY.

Le 18 Janvier, 1885.

No. 116 B.

Earl Granville to Sir J. S. Lumley.

(No. 23 A.)
Sir,

Foreign Office, January 27, 1885.

THE Italian Ambassador communicated to me to-day the reply of the Italian Government to the French counter-proposals for the settlement of the finances of Egypt, which is to the following effect.

The Italian Government agrees to a single loan of 9,000,000*l.*, and accepts the collective guarantee in which it is ready to take part, subject to Parliamentary sanction, and to an understanding in regard to the details.

The new loan being a pre-preference loan, and guaranteed by all the Powers, there appears to be no necessity for assigning to it the revenues devoted to the *Daïra* and Domain Loans, but some agreement should be come to between the two Governments more directly interested, in regard to the administration of those lands.

All the Powers are agreed to the extension of taxation to foreigners.

The proposal to tax the coupons is accepted by Italy in preference to a reduction of interest.

As regards the International Commission of Inquiry, Count Nigra expressed the readiness of his Government to take part in it if all the Powers should be unanimous in their conviction of its necessity; they were, however, of opinion that in case of a disagreement on this point, which ought not to prevent the realisation of the programme commending itself to the various Governments, some other method should be adopted for ascertaining the necessity of taxing the coupons.

His Excellency added that Italy would gladly take part in any action with the object of establishing the freedom of the Suez Canal, and he concluded by expressing the hope that this reply, which had been drawn up with a view to facilitate an understanding amongst the Powers, would be considered satisfactory both here and at Paris.

I am, &c.
(Signed) GRANVILLE.

No. 118.

Sir E. Baring to Earl Granville.—(Received January 27, 11 A.M.)

(No. 44.)

(Telegraphic.)

Cairo, January 27, 1885, 10.25 A.M.

YOUR telegram No. 19 of the 22nd.

There will be a few days' delay in answering question of Army of Occupation expenses by reason of difficulty of separating troops employed in Soudan from those in Egypt. Egyptian authorities are in communication with the Paymaster on the subject.

No. 119.

*Sir J. S. Lumley to Earl Granville.—(Received January 28.)***E**

(No. 26. Confidential.)

My Lord,

Rome, January 25, 1885.

THE reply of the French Government to the Memorandum of Her Majesty's Government of the 24th November, containing their proposals for the settlement of the finances of Egypt, was communicated to M. Mancini on the 16th instant; I have now the honour to inclose copy of a *note verbale*, containing the views of the Italian Government on the counter-proposal of the French Government for regulating the financial condition of Egypt, which M. Mancini has been good enough to communicate to me confidentially.

The Italian Government in this *note verbale* compares the English and French proposals, both of which are couched in conciliatory terms, and evince a desire to come to an understanding, and examines both impartially with the view of assisting in that desirable object.

1. Looking to the practical advantages that must accrue to the Egyptian Treasury from the unification of the new loan proposed to meet the urgent necessities of the Viceregal Treasury and Administration, as well as the indemnities to be paid to the sufferers from the bombardment of Alexandria, the Italian Government have no hesitation in adhering to the amendment proposed by the French Government.

2. They admit that the success of that operation demands that the new loan should have preference over all other charges on the Egyptian Treasury, a point on which the English and French proposals are identical, except as regards the amount of the loan.

3. The Italian Government has no objection to the collective guarantee of the new loan, provided this meets the approval of all the Powers, and will have no difficulty in participating in it, with the usual reserve of Parliamentary approval.

4. The innovation in the régime of the *Daïra* and Domains revenues, suggested by the English Government as a practical guarantee for the loan they proposed to contract, would no longer be required should the new loan be guaranteed by all the Powers, with absolute preference over all other charges. Any change which England and France may agree to with reference to the details of administration would doubtless be subscribed to by other Powers.

5. The application of taxation to foreigners in Egypt, on which the English and French Government are agreed, is a reform to which the Italian Government is prepared to accede.

6. The French proposal of a temporary tax of 5 per cent. on all Egyptian stock, leaving the proposed reduction of $\frac{1}{2}$ per cent. on the English Suez Canal shares, is one to which the Italian Government can offer no objection, the principle of taxing the holders of Government stock having been in practice in Italy for several years.

7. The proposed Commission of Inquiry to verify the state of the finances of Egypt is a suggestion to which the Italian Government could lend itself, provided all the Powers consider it advisable; but should they not be unanimous on this point, the Italian Government considers that this ought not to be an obstacle to the realization of the programme, upon which the Cabinets agreed with regard to the other points, and that some other means should be immediately sought for with the view of showing that the tax is necessary, and what should be its amount.

8. With reference to the free navigation of the Suez Canal, the Italian Government refers to the fact that Italy took the initiative in putting forward that idea at the Conference of Constantinople in 1882, to which all the Powers adhered, and the

Italian Government now expresses its earnest desire that the question should be taken up as soon as possible, and its readiness to give its impartial and disinterested assistance to any negotiation on the subject.

It will be observed that the reservations contained in paragraphs 3 and 7 leave freedom of action to the Italian Government in the event of Her Majesty's Government not being able to agree to the terms of the French Government, therein referred to.

I have, &c.
(Signed) J. SAVILE LUMLEY.

Inclosure in No. 119.

Note Verbale.

LA note présentée, le 16 de ce mois, par l'Ambassadeur de France au Ministre des Affaires Étrangères d'Italie résume les idées du Gouvernement de la République au sujet des propositions que le Cabinet Britannique avait énoncées, par son Mémoire du 29 Novembre, en vue de régler d'une manière satisfaisante la situation financière en Égypte. Le Mémoire Anglais et la note Française témoignent également, par l'esprit des propositions que les deux pièces contiennent, et par les termes conciliants dans lesquels elles sont conçues, du désir sincère d'arriver à une entente. Le Gouvernement du Roi en a fait l'objet d'une étude attentive et consciencieuse, dont nous allons résumer ici les conclusions.

Le Gouvernement Français accepte la proposition Anglaise d'une opération financière pour faire face, soit aux besoins les plus urgents du Trésor et de l'Administration du Vice-Royaume, soit aux indemnités qu'une Commission Mixte a décernées pour les pertes occasionnées par les événements de 1882 en Égypte. Mais il croit qu'au lieu d'émettre séparément un emprunt de 5,000,000/ pour les besoins du Trésor et 4,000,000/ environ d'obligations 5 pour cent de la Dette Privilégiée pour les indemnités, il est préférable de procéder à l'émission d'un emprunt unique pour un chiffre total de 9,000,000/. L'émission se ferait au taux de 3½ pour cent. L'unification du nouvel emprunt nous paraît, à nous aussi, se recommander par la considération d'une simplification plus grande, d'une économie de 1½ pour cent dans le taux d'intérêt à la charge du Gouvernement Égyptien, et surtout de la possibilité de ne pas faire supporter par les indemnitaires la différence entre la valeur nominale et la valeur effective des titres qui seraient donnés en paiement. Nous n'hésitons donc pas, pour notre part, à nous associer sur ce premier point à l'amendement du Gouvernement Français.

Nous admettons également qu'il convient, dans l'intérêt du succès même de l'opération, de donner aux titres du nouvel emprunt la prélation sur toute autre charge du Budget Égyptien. Il y a, à cet égard, sauf la différence du chiffre de l'emprunt, une identité à peu près complète entre la proposition Anglaise et les réponses du Gouvernement Français.

Le Gouvernement Britannique avait proposé que l'émission du nouvel emprunt de 5,000,000/ fût faite sous sa propre et exclusive garantie. Le Gouvernement Français suggère, pour l'emprunt de 9,000,000/, la garantie collective de toutes les Puissances. Nous n'avons, en ce qui nous concerne, ni objection contre la garantie collective, si elle est admise par les autres Puissances, ni difficulté à y participer avec réserve bien entendu de l'approbation Parlementaire. Nous sommes également prêts à nous entendre, au moment opportun, avec les autres Puissances pour les arrangements de détail à prendre à cet égard.

Le service du nouvel emprunt devant rester séparé de celui des dettes actuelles, avec prélation absolue sur toute autre charge du Trésor Égyptien, le Gouvernement Français pense qu'il n'y a lieu d'apporter aucun changement au régime des dettes du Domaine et de la Daïra. Nous reconnaissons que l'innovation suggérée par le Gouvernement Britannique, alors qu'il s'agissait de fournir un gage spécial et exclusif au profit du nouvel emprunt, cesse d'être nécessaire comme contre-garantie partielle au profit de l'Angleterre, du moment que la garantie serait collective de la part de toutes les Puissances, et que le nouvel emprunt serait nanti du privilège d'une prélation absolue. Les Gouvernements Anglais et Français, qui ont aujourd'hui une part plus directe dans l'administration des deux dettes, jugeront s'il y a lieu d'apporter dans cette administration des changements de détail auxquels les autres Puissances pourront facilement souscrire.

Les impôts dont les étrangers en Égypte sont actuellement exemptés leur seraient maintenant étendus. C'est une réforme qui avait déjà fait l'objet de négociations antérieures. Les Cabinets de Londres et de Paris sont parfaitement d'accord sur ce point. Nous pensons que tous les autres Gouvernements partagent cet avis, auquel nous nous associons, sauf à s'entendre au sujet des modalités et garanties d'exécution de cette mesure.

Le Gouvernement Britannique avait proposé la réduction d'un ½ pour cent d'intérêt sur les différentes catégories de dettes, y compris les actions Anglaises du Canal de Suez. Le Gouvernement Français, en admettant au fond l'idée d'un sacrifice à la charge aussi des créanciers de l'Égypte, ne laisserait subsister la réduction du ½ pour cent que pour les coupons Anglais du Canal, et suggérerait, quant aux autres dettes Égyptiennes, de la remplacer par un impôt temporaire qu'on propose de fixer, par exemple, à 5 pour cent, et qui pourrait plus tard être non seulement rapporté ou réduit, mais encore remboursé aux porteurs, s'il était démontré que ce sacrifice n'est pas réclamé par la situation financière de l'Égypte. Nous n'avons, pour notre compte, rien à objecter contre cette transformation de la charge projetée, sauf à s'entendre sur le chiffre de l'impôt. Le système d'un impôt sur la rente, destiné à faire participer les créanciers de l'État aux charges du Budget, existe en Italie depuis bien des années à un taux fort élevé. Le même système est également en vigueur en Angleterre, où l'*income tax* est perçu sur tous les revenus, y compris les rentes sur l'État.

Le Gouvernement Français propose qu'on confie à une Commission Internationale d'Enquête, composée des Commissaires de la Caisse de la Dette Publique avec adjonction préalable des nouveaux Commissaires délégués par l'Allemagne et la Russie, et des Agents des Puissances au Caire, la tâche de vérifier la situation financière du pays, en vue surtout d'établir la nécessité et la mesure de l'impôt projeté. Si les Puissances sont unanimes à penser que les données qu'on possède déjà ne fournissent pas des éléments suffisants pour une appréciation sûr de la situation, et si une nouvelle enquête à faire par l'organe d'une Commission Internationale est par conséquent considéré par tous les Cabinets comme nécessaire, nous sommes disposés, pour notre part, à nous y prêter de la façon qui serait convenue entre les Puissances. Si au contraire l'unanimité ne se formait pas sur ce point entre les Puissances, nous estimons que ce ne devrait pas être un empêchement absolu à la réalisation du programme sur lequel les Cabinets se trouveraient être heureusement tombés d'accord. Les Cabinets devraient plutôt, à notre avis, s'appliquer, en cette hypothèse, à la recherche immédiate d'une autre méthode de constatation pour reconnaître si l'impôt est nécessaire, et quel doit en être le chiffre.

Il ne nous reste qu'à ajouter un mot à l'égard de la proposition concernant la libre navigation du Canal de Suez. C'est le Gouvernement du Roi lui-même qui avait pris, dans la Conférence de Constantinople, en 1882, une initiative qui a obtenu les suffrages de toutes les Puissances. Nous ne pouvons donc que désirer de voir cette intéressante question reprise le plus tôt possible et aussitôt que les circonstances le comportent, prêts à apporter notre concours impartial et désintéressé à une négociation destinée à donner un caractère de sécurité pacifique et inaltérable à une des plus grandes œuvres de la civilisation moderne.

Nous avons énoncé ainsi, avec netteté et franchise, nos vues sur le sujet qui s'impose en ce moment à la sollicitude des Puissances. Nous avons pleine confiance que celles-ci reconnaîtront qu'elles sont inspirées par un sentiment impartial et pratique, et surtout par le vif désir de contribuer, en ce qui dépend de nous, à un accord pour le règlement amical et satisfaisant de la finance Égyptienne.

Rome, ce 23 Janvier, 1885.

No. 120.

*Earl Granville to Viscount Lyons.**

(No. 5.)

(Telegraphic.)

Foreign Office, January 28, 1885, 3 p.m.

FRENCH Government accept our last proposals regarding Egyptian finance as basis of negotiation.

* Also to Sir E. Thornton (No. 6), Mr. Wyndham (No. 8), Sir J. S. Lumley (No. 12), Sir A. Paget (No. 4), Sir E. Malet (No. 16), Sir E. Baring (No. 25).

No. 121.

Earl Granville to Sir E. Thornton.

E
(No. 38.)
Sir,

Foreign Office, January 28, 1885.

THE Russian Ambassador called upon me this afternoon and communicated to me the substance of a telegram from M. de Giers on the subject of our reply to the French counter-proposals for the settlement of the Egyptian Financial question.

M. de Giers states that as this reply is regarded by all the other Governments, as well as by that of Russia, as capable of affording a basis for a final settlement, the Cabinet of St. Petersburg have the Emperor's orders to give it their adhesion. They no longer insist on an international inquiry if it is shown to be useless, and they congratulate themselves on this result.

I thanked M. de Staal for this friendly communication.

I am, &c.
(Signed) GRANVILLE.

No. 122.

Earl Granville to Count Károlyi.

E
M. l'Ambassadeur,

Foreign Office, January 28, 1885.

HER Majesty's Government have had under their consideration the observations of the Austro-Hungarian Government upon the proposals of Her Majesty's Government for the settlement of the finances of Egypt contained in the Memorandum which I had the honour to receive from your Excellency on the 19th instant. I beg leave to assure your Excellency that Her Majesty's Government recognize with pleasure the friendly spirit in which this Memorandum is conceived, and they believe that the differences of opinion which remain to be adjusted are not such as to prevent a complete understanding from being speedily arrived at between the two Governments.

The Austro-Hungarian Government propose that the new loan should be increased from 5,000,000*l.* to 9,000,000*l.*, in order to include the sum required for the payment of the indemnities, and that it should receive the collective guarantee of all the Powers; that a tax should be levied on all coupons, but that this should be a temporary measure pending the decision of an international inquiry which should be instituted with a view to ascertain the financial requirements and real resources of Egypt.

I have the honour to inform your Excellency that Her Majesty's Government agree to the loan being increased to 9,000,000*l.*, but they have no desire to ask the Powers to share with them the liability which such a guarantee would involve; at the same time, if it is the desire of the Powers to join in a loan on the same principle as the Anglo-French guarantee of the Turkish Loan of 1855, Her Majesty's Government are ready to concede the point.

As regards the taxation of the coupons, Her Majesty's Government trust that if commercial prosperity is restored in Egypt, no permanent sacrifice may be required of the bondholders; they consider, however, that there are strong reasons against the appointment of an International Commission of Inquiry into the state of the finances at present.

Such a proceeding could not fail to impair the authority of the Egyptian Government, and interfere with the effective financial reform which is now in progress. It would militate against the interests of the Egyptian people and of those who have claims upon them. But if after the experience of the next two years a permanent sacrifice by the bondholders should appear to Her Majesty's Government to be required, it would then become a fair matter of consideration whether, before imposing such sacrifice, an International Commission similar to that which was held before the passing of the Law of Liquidation should be appointed.

The proposed assignment of the revenues of the *Daïra* and Domains as security for the new loan is in the view of the Austro-Hungarian Government open to objection.

I have the honour to inform your Excellency that Her Majesty's Government are prepared to abandon their proposal on this subject, although they are impressed with the necessity for some change in the system of the administration of those lands.

I shall be glad to learn whether the Austro-Hungarian Government is willing to agree to an arrangement on this basis, which I have laid before the French Government.

I have, &c.
(Signed) GRANVILLE.

No. 123.

Count Nigra to Earl Granville.—(Received January 28.)

(Translation.)

My Lord,

London, January 27, 1885.

IN accordance with the instructions which I have received from His Majesty's Government, I have the honour to transmit to your Excellency herewith, copy of a *note verbale* containing the reply made by his Excellency M. Mancini to a note presented to him, on the 16th instant, by the Ambassador of the French Republic at the Court of His Majesty the King, relative to the manner of regulating the financial situation in Egypt.

His Majesty's Minister for Foreign Affairs, in committing to me the charge of making this communication to your Excellency, expresses the confident hope that the conclusions and arguments which he has expressed on this subject, in the name of His Majesty's Government, will be duly appreciated by the Government of the Queen, as having been inspired by a feeling of justice and by the desire to contribute, in so far as they were able, to a satisfactory understanding between the Powers.

Accept, &c.
(Signed) NIGRA.

No. 124.

Earl Granville to Count Münster.

E
M. l'Ambassadeur,

Foreign Office, January 28, 1885.

HER Majesty's Government have carefully considered the reply of the German Government to their proposals for the settlement of the finances of Egypt, as contained in the despatch from Prince Bismarck of the 14th, a translation of which your Excellency was good enough to leave with me on the 19th instant.

The conclusions arrived at by his Highness appear to be that the inability of the Egyptian Government to fulfil its engagements to its creditors without some sacrifice on their part requires to be positively established by a fresh inquiry into the state of the revenues, to be undertaken by a Commission of Experts representing all the Powers; and that if the necessity for a new loan is acknowledged, either at once or after the investigations of the Commission, it should be raised under a European guarantee.

Finally, his Highness proposes that the free navigation of the Suez Canal at all times should be secured by an International Treaty, in which the Sultan would also take part.

I have the honour to inform your Excellency that in the opinion of Her Majesty's Government there are weighty reasons against the appointment of a Commission of Inquiry. Such a proceeding could not fail to impair the authority of the Egyptian Government, and interfere with the effective financial reform which is now in progress. It would militate against the interests of the Egyptian people, and of those who have claims upon them. If commercial prosperity is restored it may be that no permanent sacrifice will be required of the bondholders; but should this appear to Her Majesty's Government to be necessary, after the experience of the next two years, it would then become a fair matter of consideration whether, before imposing that sacrifice, an International Commission should be appointed, similar to that which was held before the passing of the Law of Liquidation.

As regards the proposal that the new loan should be guaranteed by the Powers, Her Majesty's Government have no desire to ask the Powers to share with them the liability which such a guarantee would involve; but if it is the desire of the Powers to join in a loan on the same principle as the Anglo-French guarantee of the Turkish Loan of 1855, Her Majesty's Government are ready to concede the point.

In the Memorandum which I received from your Excellency on the 19th instant objections are raised to the proposal for the conversion of the *Daïra* and Domains Loan,

and the holding of the lands as security for the new loan. Her Majesty's Government are ready to abandon this proposal. They have no desire to obtain for Englishmen any exclusive powers or advantages; but they are much impressed with the necessity, in the interest of the finances of Egypt, for some change in the system of the administration of the lands in question, and they propose to discuss the matter fully with the French Government.

As to the Suez Canal, I need not assure your Excellency that Her Majesty's Government entirely adhere to the proposals for the freedom of the Canal already submitted to the Powers. They fully concur in Prince Bismarck's view, that it would be desirable to embody such an arrangement in a Treaty.

I trust that an agreement on these bases, which I have submitted to the French Government, will be arrived at with the Government of the Emperor.

I am, &c.
(Signed) GRANVILLE.

No. 125.

Earl Granville to Mr. Wyndham.

E
(No. 14 c.)
Sir,

Foreign Office, January 28, 1885.

THE Turkish Ambassador, in conversation this afternoon, reminded me that, at the Conference in London this summer, he had claimed that Turkey should be represented on the Commission of the Public Debt in Egypt, and expressed an opinion that this change should be made at once.

I told his Excellency that the application of Germany and Russia for similar representation had been addressed to the Khedive, but I said that I would speak to him again upon the subject.

I am, &c.
(Signed) GRANVILLE.

No. 126.

Earl Granville to Sir E. Mallet.

E
(No. 61 A.)
Sir,

Foreign Office, January 29, 1885.

THE German Ambassador called upon me this afternoon and said that Prince Bismarck accepted our answer to the French proposals on Egyptian finance as a basis of negotiation, and was ready to advise the other Powers accordingly.

His Excellency added that Prince Bismarck did not consider Egyptian questions as having much interest for Germany, except in so far as they involved the principle of maintaining the Treaties respecting the East. But the conduct of the English Government in colonial matters had made Germany less desirous of assisting England in the Egyptian question.

I expressed my satisfaction at Prince Bismarck's acceptance of the last proposals in regard to Egyptian finance as a basis of negotiation, and my thanks for the advice which the Chancellor was ready to give to other Governments in the same sense.

I said that we concurred with Prince Bismarck in wishing that any necessary alterations in the Treaties affecting the East should be made with the concurrence of all the Powers parties to those Treaties.

I could not, I said, accept as well founded the complaint made of the conduct of Her Majesty's Government on colonial questions. We had been actuated, on the contrary, by a desire to meet the wishes of Germany in these matters, and continued strongly to feel that desire. But I said that another occasion would be taken to discuss the best mode of coming to an agreement on these subjects.

I am, &c.
(Signed) GRANVILLE.

No. 127.

Earl Granville to Sir E. Baring.

(No. 28.)
(Telegraphic.)

Foreign Office, January 30, 1885, 5.45 P.M.

YOUR telegram No. 46.

No change in the scale of contribution towards our military expenses by Egypt has been approved by Her Majesty's Government, and the unauthorized insertion by the Finance Department of a particular sum, far below the present rate, in printed Estimates, whether published or not, tends to raise expectations which may be very inconvenient to all concerned.

No. 128.

Earl Granville to Sir E. Mallet.

(No. 18.)
(Telegraphic.)

Foreign Office, January 30, 1885, 5.45 P.M.

WE are only waiting to advise the Khedive to agree to addition of German and Russian Commissioners to Caisse until we receive assurance that it will not entail expenditure beyond Lord Northbrook's estimate in Report communicated to Powers.

Count Münster thought this was so, but could not state positively, and has not since given the assurance.

No. 129.

Earl Granville to Sir A. Paget.

(No. 34 A. Confidential.)
Sir,

Foreign Office, January 30, 1885.

THE Austro-Hungarian Ambassador informed me to-day that he was instructed by his Government, confidentially, to support the German and Russian Ambassadors in their request that Her Majesty's Government may exert their influence at Cairo on behalf of Germany and Russia in their desire to be represented on the Caisse de la Dette.

I am, &c.
(Signed) GRANVILLE.

No. 130.

Earl Granville to Viscount Lyons.

(No. 93 A.)
My Lord,

Foreign Office, January 30, 1885.

I HAVE been daily expecting that M. Waddington would bring to me the reply of the French Government to my last communication respecting the Egyptian financial question.

I am to-day informed by his Excellency that he has received a telegram from M. Ferry saying that his instructions shall be sent "sans retard," and that M. Ferry quite agrees with me in the opinion which I had verbally expressed, that it would be desirable that the matter should be arranged before the opening of Parliament.

I have told M. Waddington that I could not pretend not to be disappointed at this further postponement; that it was difficult to explain after the general agreement at which we had happily arrived, and after the opinion expressed by M. Ferry that the discussion should be carried on between us in London.

The reason against delay, I added, is not only that it is desirable that the matter should be arranged before Parliament meets; it is also based upon urgent financial considerations.

I am, &c.
(Signed) GRANVILLE.

Sir A. Paget to Earl Granville.—(Received January 31.)

(No. 13.)

My Lord,

Vienna, January 23, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 3 of yesterday's date, and to inclose herewith a copy of a *note verbale* which I have sent to Count Kálnoky, acquainting his Excellency, in obedience to your Lordship's instructions, with the decision of the Cabinet upon the French counter-proposals on Egyptian finance, communicated by your Lordship to the French Ambassador.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 131.

Note Verbale.

THE following decision of the Cabinet upon the French proposals for the settlement of Egyptian finance has been communicated by Earl Granville to the French Ambassador.

Her Majesty's Government have no desire to ask the Powers to share the guarantee for the loan of 9,000,000*l.*, but if they desire to join on the principle of the Anglo-French guarantee of the Turkish Loan of 1855, Her Majesty's Government will consent.

Her Majesty's Government object to the Inquiry Commission, for which they have given their reasons.

It is possible that no permanent sacrifice by the bondholders may be necessary, but if found to be so in two years, Her Majesty's Government would consider the question of an inquiry by a Commission like that resulting in the Liquidation Law.

Her Majesty's Government waive their proposals as to the *Daïra* and Domains.

Her Majesty's Government feel strongly the necessity of change in the Administration, and are ready to discuss the matter with France.

Her Majesty's Government concur in proposal as to the Suez Canal, and think the arrangement should be embodied in a Treaty.

British Embassy, Vienna, January 24, 1885.

Sir A. Paget to Earl Granville.—(Received January 31.)

(No. 16.)

My Lord,

Vienna, January 25, 1885.

WITH reference to my despatch No. 13 of the 23rd instant, inclosing a copy of a *note verbale* in which I communicated to Count Kálnoky, in compliance with your Lordship's instructions, the decision of Her Majesty's Government upon the French counter-proposals for the settlement of Egyptian finance, I have the honour to inform your Lordship that, in an interview I had with his Excellency yesterday, he desired me to express his thanks to your Lordship for this communication.

His Excellency said he was awaiting further details upon certain points from Count Károlyi, but he was happy to acknowledge the conciliatory spirit of the answer of Her Majesty's Government, which he hoped might lead to a satisfactory understanding.

As regards the joint guarantee of the loan of 9,000,000*l.* on the principle of the Turkish Loan of 1855, Count Kálnoky observed that he presumed that, in the event of the Egyptian Government failing to provide the interest at any time, each country would be only responsible for its payment in proportion to the amount of Egyptian stock which might be held in that country.

His Excellency seemed to think that the arrangements for securing the free navigation of the Suez Canal might very well be made between the Powers without its being necessary to assemble a Conference for this purpose.

I have, &c.
(Signed) A. PAGET.

Sir A. Paget to Earl Granville.—(Received January 31.)

(No. 19.)

My Lord,

Vienna, January 26, 1885.

I HAVE the honour to acknowledge the receipt, yesterday afternoon, of your Lordship's despatch No. 28 of the 23rd instant, and to inform your Lordship that, in obedience to your instructions, I at once transmitted to Count Kálnoky a copy of your Lordship's despatch to Her Majesty's Ambassador in Paris, containing the reply of Her Majesty's Government to the French counter-proposals on the subject of Egyptian finance.

I have, &c.
(Signed) A. PAGET.

Mr. Wyndham to Earl Granville.—(Received January 31.)

(No. 45.)

My Lord,

Constantinople, January 24, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram of the 22nd instant, and to inclose herewith copy of a *pro-memorid* which I am communicating to-day to the Ottoman Minister for Foreign Affairs, and which contains the substance of the reply given by Her Majesty's Government to the recent French proposals on the Egyptian financial question.

I have, &c.
(Signed) HUGH WYNDHAM.

Inclosure in No. 134.

Pro-memorid.

SE conformant aux instructions de Lord Granville, Mr. Wyndham s'empresse d'informer la Sublime Porte que la décision prise par le Cabinet de St. James à la suite des contre-propositions Françaises touchant les finances de l'Égypte a été communiquée à l'Ambassadeur de France à Londres.

Le Gouvernement de Sa Majesté Britannique, dit Lord Granville, ne désire nullement engager les Puissances à participer à la garantie de l'emprunt de 9,000,000*l.* Si, toutefois, les Puissances désirent le faire en se basant sur le principe de la garantie Anglo-Française de l'Emprunt Turc de 1855, le Gouvernement Britannique y donnera son adhésion. Le Gouvernement Anglais s'appuyant sur des motifs qu'il a déjà exposés s'oppose à la Commission d'Enquête.

Il se peut qu'il ne soit pas nécessaire aux bondholders de se soumettre à des sacrifices permanents. Si, toutefois, on constate le contraire d'ici à deux ans, le Gouvernement de Sa Majesté ne verrait pas d'inconvénient à examiner la question de l'enquête par une Commission de même que celle résultant dans la Loi de Liquidation.

Le Gouvernement Britannique renonce à ses propositions concernant la *Daïra* et les Domaines. Mais il est convaincu qu'il y a une grande nécessité d'opérer les changements dans l'Administration.

Il est disposé d'entamer la discussion de cette question avec le Gouvernement de la République.

Le Gouvernement Britannique partage l'avis de la France en ce qui touche le Canal de Suez et pense que l'entente à cet égard devrait faire l'objet d'un Traité.

*Ambassade d'Angleterre, Péra,
le 24 Janvier, 1885.*

Sir E. Baring to Earl Granville.—(Received February 2.)

(No. 82.)
(Extract.)

Cairo, January 26, 1885.

TURNING to the financial situation, the real issues at stake may, I venture to think, be stated in a very small compass. If the Estimates of the present revenue and expenditure of Egypt, which have been framed by the various English and Egyptian authorities who have examined this question, are fairly correct, as I believe them to be, there are only two ways out of the present difficulties. One is to make some slight, and possibly temporary, reduction in the rate of interest payable on the whole or a portion of the Consolidated Debt. The other is to employ English credit by practically converting a portion of the Egyptian Debt into a stock, of which a reduced rate of interest would be guaranteed by the English Government. Which of these two principles is to be adopted is a question for the decision of Her Majesty's Government, in concert with the other Powers who were parties to the Law of Liquidation.

I can only express an earnest hope that the negotiations which are now in progress will lead to a speedy settlement of the points at issue, for almost all the discontent which now exists in Egypt may be traced to the delay in the settlement of the financial situation, and especially to the delay in paying the Alexandrian indemnities.

The distress which has been produced by the non-payment of these claims is felt throughout a circle much larger than that of the actual creditors. Alexandria, it must be remembered, is the centre of the commercial life of Egypt.

The effect of the present distress at Alexandria has been to restrict commercial transactions generally, and to shake credit to a greater or less extent throughout the country.

The only other serious cause of discontent is entirely beyond the control either of the English or Egyptian Governments. I allude to the great fall in the value of cereals which has taken place during the last two years, and which has greatly impoverished the people in Upper Egypt. All authorities in Egypt agree in considering that this fall of value renders a reduction of the land tax in the corn-producing districts absolutely necessary.

There is one other subject, which is intimately connected with the financial situation, and to which I may conveniently allude in this place.

The Capitulations hang like a dead weight round the neck of the Egyptian Government. It is impossible to change in any way the Codes administered by the Mixed Tribunals, or to frame the most reasonable Custom-house Regulations, to prevent smuggling, or to impose the most equitable taxes on Europeans, or to ensure the proper working of any new municipal or commercial institutions, without reference in detail to the Powers. Nor is this all. In respect to the revenues assigned to the debt, no fiscal changes can be made without reference to the representatives of the bondholders.

The lands pledged to the Dana and Domains Loan, which constitute one-fifth of the cultivated soil of Egypt, are administered by two Anglo-French Boards, over which the Egyptian Government possesses little or no control. The Railways, Telegraphs, and Port of Alexandria are administered by another mixed Board, which is virtually independent of the Government. In fact, in whatever direction the Egyptian Government turns, it finds that its freedom of action is fettered, and that it cannot, by reason of some international engagement, carry out the most desirable reforms.

If the Egyptians are to have a fair chance of governing Egypt, and if this country is to progress as it might and should do—for there is not here, as in India, any deep-lying, economic problem to solve, over which the Government can exercise but little influence—it is, I venture to think, essential that the Egyptian Government should, in the future, have more liberty of action than it has had in the past.

That the Commissioners of the Debt should have sufficient powers to act effectively in defence of the important interests which they represent is only just and reasonable.

But the impotence of the Egyptian Government to extend to Europeans the same taxes as are paid by natives is an unmixed evil; and the system under which the Railways, the Telegraphs, the Port of Alexandria, and the Daira and Domains

Estates are administered is both costly and inefficient. These Administrations should be brought more directly under the control of the Egyptian Government.

It is admitted by every one, and by none more than by the Khedive and his Ministers, that an European element must, at present and for some years to come, be utilized to a considerable extent in the administration of Egypt. But it is, I venture to think, essential that the European agency employed should be so constituted as not to place men of different nationalities in the same Department with equal but divided Powers. Save by some singularly fortunate and exceptional combination of personal qualities, the "dual" system can never be made to work really well.

There is, I think, a very general tendency to attach undue political importance to the question of whether an Englishman or a Frenchman occupies any particular post in Egypt. The political influence of England, or of any other Power, in Egypt does not, to any considerable degree, depend on such matters.

The question is mainly one of good administration, and is nothing more. But looking at this matter from the point of view of an Egyptian, or, as in my case, from the point of view of an Englishman who takes a warm interest in the welfare of Egypt and its people, I have no hesitation in saying that the system of dualism in the administration, and generally the extreme extension and development which internationalism has attained in Egypt, is highly detrimental to the best interests of the country.

When once the financial situation is regulated, all serious difficulties in connection with the government of Egypt proper will, I am convinced, disappear.

Everything else is going on very fairly well. I have before me at this moment a Report from Mr. Willecocks, who is one of Colonel Moncrieff's subordinates. "From communications," he says, "with village Sheikhs, fellahen, and agents of non-resident land-owners, it is evident that the kharadji tax of 30s. per acre does not press at all heavily on the vast majority of the people. There may be some whose lands have deteriorated, and who, in consequence, find it hard to pay; but such I have not found. On the contrary, the Sheikhs and fellahen declare that they are not only paying their taxes easily, but that they are paying off the debts contracted in Ismail Pasha's time, when 3*l.* or 1*l.* per acre were extracted from them.

"If six or seven more years of the just collection of taxes, which has characterized Tewfik Pasha's reign are continued, they hope to be free of almost the whole of their burdens.

"The lands under the resident landlords and peasant-proprietors are in no way deteriorating."

Mr. Willecocks is here speaking of those districts of Lower Egypt which he has recently visited, which are no doubt the richest parts of the country, and in which the land is mostly held by peasant-proprietors. I do not say that his account could apply to all parts of the country.

Major Ross informs me that, although he could confirm Mr. Willecocks' statements in respect to some portions of Lower Egypt which he has visited, in respect to other parts his Report would be less favourable. The condition of the people in the corn-producing districts of Upper Egypt is also far less favourable.

Further, where the relation of landlord and tenant exists the people are, without doubt, less prosperous than in those parts to which Mr. Willecocks refers in his Report, although the population is not as yet sufficiently dense in any part of Egypt to have occasioned any serious economic difficulty arising from excessive competition for land.

Sir J. S. Lumley to Earl Granville.—(Received February 2.)

(No. 28.)
My Lord,

Rome, January 29, 1885.

IMMEDIATELY on the receipt of your Lordship's despatch of the 23rd instant I transmitted to the Italian Minister for Foreign Affairs a copy of your Lordship's despatch to Lord Lyons, No. 69, therein inclosed, containing the reply of Her Majesty's Government to the French counter-proposals on the subject of Egyptian finance; and I am requested by his Excellency to thank Her Majesty's Government for this communication.

I have, &c.
(Signed) J. SAVILE LUMLEY.

Earl Granville to Sir E. Baring.

(No. 31.)

(Telegraphic.)

Foreign Office, February 3, 1885, 2.50 P.M.

EGYPTIAN finance.

Germany accepts our answer to French proposals as a basis of negotiation, and is ready to so advise the other Powers.

Sir E. Malet to Earl Granville.—(Received February 3, 6.30 P.M.)

(No. 16.)

(Telegraphic.)

Berlin, February 3, 1885, 5 P.M.

YOUR Lordship's telegram No. 20 of to-day.

Yes. At the time I understood it to refer to what passed between your Lordship, Lord Derby, Count Münster, with reference to admission of the German Representative to the Caisse.

Earl Granville to Sir E. Malet.

(No. 21.)

(Telegraphic.)

Foreign Office, February 3, 1885, 7.30 P.M.

THE suggestion that the addition of German and Russian Commissioners to the Caisse should not increase the burden to the Egyptian Government came originally from Prince Bismarck.

See your telegram No. 42 of the 22nd November. Her Majesty's Government followed the line of the Prince's suggestion in proposing that the expenditure should not exceed what was fixed as sufficient in the plan of the British Committee, which, as regards expenditure, was approved at the Conference. The same estimate was taken by Lord Northbrook in his Report.

Her Majesty's Government are quite willing that the British Commissioner should share any reduction of salary which the Powers may agree upon with the Egyptian Government, in order to carry out the proposal.

Sir E. Malet to Earl Granville.—(Received February 4, 6.30 P.M.)

(No. 17.)

(Telegraphic.)

Berlin, February 4, 1885, 5.40 P.M.

I SPOKE to Under-Secretary of State for Foreign Affairs to-day in the sense of your Lordship's telegram No. 22 [21] of yesterday. He said it was quite true that they did not desire to increase expenses of Caisse by the addition of their member, but that the other members of the Caisse might be very unwilling to have their salaries diminished. He remarked that—with the reserve that he was speaking for himself and not for Prince Bismarck—he thought a way out of situation which, as long as it continued, was producing irritation, would be for the Khedive to announce that he was ready to make the appointments, having received acquiescence of the Powers, but reserved the question of salary for ulterior regulation.

I do not myself see how Germany can propose to France, Austria, and Italy to diminish salaries of their members in order to permit of the addition of the Russian and German members. Ought not that proposition to come from the Khedive?

Sir E. Malet to Earl Granville.—(Received by telegraph, February 4.)

(No. 63. Ext. 17.)

My Lord,

Berlin, February 4, 1885.

WITH reference to your Lordship's telegraphic despatch No. 21 of yesterday, I have the honour to report that I spoke to the Under-Secretary of State for Foreign Affairs, Dr. Busch, to-day, respecting the proposed addition of a German Representative on the Egyptian Caisse de la Dette Publique.

Dr. Busch told me that it was quite the case that the Imperial Government did not desire to increase the expenses of the administration of the Caisse by the addition of a German Representative; but, on the other hand, the existing members of the Caisse might be very unwilling to have their present salaries cut down.

He remarked (with the reserve that it was merely a personal suggestion, and not made by him on Prince Bismarck's behalf) that he thought that a way out of the existing difficulty, which, so long as it continued, was producing irritation, would be for the Khedive to announce to the German and Russian Governments that, having received the acquiescence of the Powers, His Highness was ready to make the additional appointments, reserving the question of salaries for ulterior settlement.

I venture to remark that it appears to me that the Imperial Government cannot well be expected to propose to the French, Austro-Hungarian, and Italian Governments to diminish the salaries of their respective members, in order to allow of the addition to that body, without increase of the total expense, of the proposed Russian and German members; and that such a proposition, it seems to me, would come with better grace from the Khedive himself.

I have, &c.

(Signed) EDWARD B. MALET.

Earl Granville to Sir J. S. Lumley.

(No. 10 A. Confidential.)

Sir,

Foreign Office, February 4, 1885.

THE Italian Ambassador has communicated to me, in confidence, a telegram from M. Mancini, stating that the French Ambassador had on the evening of the 2nd instant handed him a Memorandum, containing a summary of the agreement to be come to between the Powers and Egypt on the financial question. A draft of Convention was to be communicated shortly.

M. Mancini added that the Memorandum seemed to correspond accurately enough with the French proposals as amended by us. But before pronouncing any opinion upon them, his Excellency wished to know the opinion of Her Majesty's Government, and particularly whether we wished to offer any remarks on the points contained in the Memorandum.

I have expressed my thanks for this communication, and have asked that M. Mancini would answer in general terms conditional on our agreement. I explained that we had not yet received the French Memorandum, and that it would be unfortunate that the French Government should further delay the communication of it to us, on the ground of not having yet obtained the opinion of all the other Powers.

I am, &c.

(Signed) GRANVILLE.

Earl Granville to Sir A. Paget.

(No. 42.)

Sir,

Foreign Office, February 5, 1885.

I TRANSMIT to your Excellency herewith a copy of a despatch, and of its inclosures, from Her Majesty's Agent and Consul-General in Egypt, with regard to the

demonstration proposed to be held at Alexandria on the 18th ultimo in connection with the payment of the indemnities.*

It will be seen that a Notice was issued by the Austro-Hungarian Consul-General calling upon his countrymen to abstain from any hostile manifestation or participation in the proposed meeting; and I have to request you to express to Count Kálnoky the appreciation of Her Majesty's Government of the attitude adopted by the Austro-Hungarian Representative on the occasion in question.

I am, &c.
(Signed) GRANVILLE.

No. 144.

Earl Granville to Sir J. S. Lumley.

(No. 17.)
(Telegraphic.)

Foreign Office, February 6, 1885, 7.30 P.M.

EGYPT finance. "Journal des Débats" of 3rd describes a collective Report, said to have been made on our first proposals by "Caisse," except English member. Has Italian Government received such a Report, and can you obtain copy?

No. 145.

Sir E. Baring to Earl Granville.—(Received February 7, 4.15 P.M.)

(No. 65.)
(Telegraphic.)

Cairo, February 7, 1885, 3.15 P.M.

YOUR telegram No. 36 of the 6th.

New Italian Commissioner will be appointed at salary of 2,000*l.* instead of 3,000*l.* per annum. Salaries of the other three Commissioners cannot be reduced until their contracts expire at the end of this year.

Only way to prevent increase over previous expenditure is to delay appointment of German and Russian Commissioners until end of this year, although of course Egyptian Government might at once pledge itself to make the appointment.

After that the cost of the six Commissioners would be same as that now paid to the four, namely, 12,000*l.* per annum.

Even this, however, would be 4,000*l.* in excess of Lord Northbrook's estimate. He provided for four Commissioners at 2,000*l.* each.

No. 146.

Sir A. Paget to Earl Granville.—(Received February 7, 5.45 P.M.)

(No. 4.)
(Telegraphic.)

Vienna, February 7, 1885, 4.25 P.M.

EGYPTIAN finance.

Telegraphic instructions sent to Count Károlyi to concert with his colleagues understanding with Her Majesty's Government on basis of last French Memorandum.

No. 147.

Sir A. Paget to Earl Granville.—(Received by telegraph, February 7.)

(No. 33. Ext. 4.)

My Lord,

Vienna, February 7, 1885.

COUNT KÁLNOKY informed me this afternoon that he had sent telegraphic instructions to Count Károlyi to concert with his colleagues an understanding with Her Majesty's Government on the basis of the French Memorandum which had been drawn up in reply to the answer of Her Majesty's Government to the French counter-proposals for the settlement of the finances of Egypt.

His Excellency referred to certain reserves which he had originally made respecting points of detail of the joint loan guarantee, but as he understood that Her

• No. 116 A.

Majesty's Government were anxious to conclude the arrangements before the meeting of Parliament, he had, he said, given Count Károlyi full powers to waive these reserves, and to come at once to an agreement with the Representatives of the other Powers and Her Majesty's Government.

I have, &c.
(Signed) A. PAGET.

No. 148.

M. Waddington to Earl Granville.—(Received February 9.)

M. le Comte,

Londres, le 8 Février, 1885.

J'AI l'honneur de vous transmettre, d'ordre de mon Gouvernement, le Mémorandum détaillé ci-joint relatif aux affaires d'Égypte, en réponse à celui que vous avez bien voulu me remettre à la date du 21 Janvier dernier. Je vous en ai déjà fait connaître la substance verbalement dans l'entretien que nous avons eu ensemble le 4 ce mois.

Veuillez, &c.
(Signé) WADDINGTON.

Inclosure in No. 148.

Memorandum on Egyptian Affairs.

LE Gouvernement Français a déjà fait connaître qu'il accepte les bases des négociations contenues dans le Mémorandum Anglais du 21 Janvier. Il a maintenant à exposer d'une manière détaillée ses vues sur les diverses questions soumises à l'examen des Puissances et sur le mode pratique de règlement qu'elles comportent, à son avis, en tenant compte des principes consacrés par l'échange des communications antérieures.

En premier lieu, il importe d'arrêter les conditions de l'emprunt destiné, pour partie, à pourvoir aux indemnités d'Alexandrie, dont le paiement présente un caractère particulier d'urgence. La France, l'Angleterre, l'Allemagne, l'Autriche-Hongrie, la Russie, et l'Italie admettent d'un commun accord :—

1. Que le montant de cet emprunt soit fixé à 9,000,000*l.* ;

2. Que leur garantie collective y soit attachée "sur la même base que celle de la garantie Franco-Anglaise de l'Emprunt Turc de 1855."

Il est, dès lors, naturel, pour consacrer l'entente et assurer l'émission prochaine du dit emprunt de procéder par la voie d'une Convention dont les clauses seraient rédigées sur le modèle de celles qui figurent dans le Traité du 27 Juin, et dans la Déclaration du 27 Juillet, 1855, intervenus entre la France, la Grande-Bretagne, et la Sublime Porte. Cette Convention pourrait être discutée et signée immédiatement, à Londres, par les Ambassadeurs des Puissances Garantes et de Turquie, et par un Délégué du Gouvernement Égyptien, muni de pouvoirs à cet effet.

Chacun des Gouvernements Contractants s'engagerait, soit à garantir conjointement et solidairement, soit à demander à son Parlement l'autorisation de garantir conjointement et solidairement l'intérêt d'un emprunt de 9,000,000*l.* à contracter par le Gouvernement Égyptien.

L'intérêt du dit emprunt serait au taux nominal maximum de 3½ pour cent. par an, et formerait une charge grevant, avant toute autre, tous les revenus de l'Égypte.

Pour plus de simplicité, on pourrait convenir que les frais de remise et autres frais de l'opération seraient prélevés sur le capital de l'emprunt.

Il serait, d'ailleurs, stipulé expressément que les sommes provenant de l'emprunt seraient affectées d'abord au paiement des indemnités d'Alexandrie puis à l'extinction de la dette flottante, aux travaux d'irrigation, et aux autres dépenses extraordinaires jugées nécessaires.

La Caisse de la Dette Publique, instituée par Décret du 2 Mai, 1876, et complétée par l'adjonction d'un Commissaire Allemand et d'un Commissaire Russe, recevrait les fonds provenant de l'emprunt et serait chargée de solder directement les indemnités d'Alexandrie, d'après les états de répartition arrêtés par la Commission Internationale des Indemnités; elle verserait le reliquat au Gouvernement Égyptien pour l'emploi auquel ce reliquat devrait être affecté d'après la Convention. La Caisse de la Dette Publique adresserait, à la fin de chaque semestre, aux Puissances Garantes, un Rapport

établissant, d'après les justifications produites par le Gouvernement Égyptien, l'emploi des fonds provenant de l'emprunt.

La Caisse de la Dette Publique recevrait aussi les fonds destinés au service des intérêts de l'Emprunt Sur-Privilégié de 9.000.000/ et les enverrait directement aux banques chargées du service des intérêts.

Il paraît, d'ailleurs, inutile de déterminer par une clause expresse de la Convention le fonctionnement de la garantie pour le cas où le Gouvernement Égyptien manquerait de verser les fonds nécessaires au service de l'emprunt. C'est une éventualité si improbable qu'il est superflu d'y pourvoir par avance; dans le cas même où elle se réaliserait, l'entente s'établirait facilement entre les Puissances Garantes sur les dispositions à prendre pour faire face au paiement d'un semestre d'intérêts. Si pourtant les Hautes Parties Contractantes étaient d'avis de régler dès à présent la question, la Déclaration Anglo-Française du 27 Juillet, 1855, fournit un mode de règlement qu'il serait facile d'appliquer au cas actuel.

En ce qui concerne l'impôt à percevoir provisoirement sur les coupons des autres dettes Égyptiennes, l'établissement en pourrait être consacré par un Décret rendu par le Khédive, avec l'adhésion des Puissances, dans la forme de la Loi sur la Réforme Judiciaire ou de la Loi de Liquidation. Ce Décret édicterait la création d'une taxe de 5 pour cent sur les intérêts des dettes Privilégiée et Unifiée, de la Daira et des Domaines, et il déterminerait dans quelles conditions la perception en serait effectuée. On y déclarerait que l'impôt n'est établi que pour deux années. Si après ce temps le Gouvernement Égyptien jugeait nécessaire de le maintenir, soit pendant un certain nombre d'années, soit à titre permanent, il ne le pourrait qu'après avoir fait appel aux Puissances pour provoquer l'institution d'une Commission Internationale "semblable à celle qui a siégé avant la confection de la Loi de Liquidation." (Décret Égyptien du 31 Mars, 1880.) Cet engagement du Gouvernement Égyptien ferait l'objet d'une clause spéciale dans le Décret.

La Commission ainsi instituée aurait pour mandat de procéder à une enquête générale sur la situation financière de l'Égypte et de proposer les moyens qui lui sembleraient convenables pour assurer une nouvelle répartition des ressources du pays; elle se composerait des membres de la Caisse de la Dette Publique, de deux Commissaires désignés par chacun des Gouvernements de France et de la Grande-Bretagne et d'un Commissaire désigné par chacun des Gouvernements d'Allemagne, d'Autriche-Hongrie, de Russie, et d'Italie. Le Gouvernement Ottoman et le Gouvernement Égyptien se feraient représenter par un Délégué auprès de la Commission. Les autres Puissances seraient invitées ultérieurement à donner leur adhésion aux mesures édictées par le Gouvernement Égyptien, d'après les conclusions de la Commission d'Enquête, afin de conférer au Décret du Khédive force de loi internationale.

Dans le cas où l'expérience des deux années établirait que l'impôt de 5 pour cent n'était pas nécessaire pour équilibrer le budget Égyptien, les taxes perçues seraient restituées.*

La réduction d'un 1/2 pour cent, consentie par le Gouvernement Anglais sur l'intérêt de ses actions du Canal de Suez, serait consacrée par un arrangement conclu entre le Gouvernement de Sa Majesté Britannique et le Gouvernement Égyptien à la même date que le Décret relatif à l'impôt de 5 pour cent sur les coupons de la dette. C'est aussi par voie de négociations directes que les Gouvernements de la France et de la Grande-Bretagne régleraient avec le Gouvernement Égyptien les modifications qu'il peut y avoir lieu d'introduire dans les Administrations des Domaines, de la Daira, et des Chemins de Fer.

L'ordre à établir entre les diverses charges du Budget Égyptien, conformément à l'accord déjà intervenu entre les Puissances, pourrait être fixé par le même Décret qui consacrerait la création de l'impôt provisoire sur les coupons. Le service de l'Emprunt Sur-Privilégié et garanti par les Puissances viendrait en première ligne; les Dettes Privilégiée et Unifiée passeraient ensuite. La troisième charge comprendrait les frais d'Administration plus une somme de £ E. 150.000 pour la Moukabalah et une autre de £ E. 120.000 pour les dépenses de l'Armée Anglaise d'Occupation.

Une disposition spéciale du Décret prononcerait la suspension de l'amortissement de toutes les dettes, cet amortissement ne devant être repris qu'au cas où il existerait un excédent réel de recettes après qu'il aurait été pourvu au service des intérêts et aux dépenses de l'Administration.

* Pour éviter les difficultés pratiques résultant du fait que beaucoup de titres auront changé de propriétaires d'ici à deux ans on pourrait adopter la combinaison suivante — "Les banques chargées du paiement des coupons remettraient aux intéressés, comme récapitulé des 5 pour cent retenus à titre d'impôt, une pièce sur le vu de laquelle le remboursement éventuel pourrait être ultérieurement effectué, quel qu'en fut le détenteur."

Parmi les propositions déjà admises en principe, à l'effet de procurer de nouvelles ressources au Gouvernement Égyptien, figure l'égalité devant l'impôt des résidents étrangers et des indigènes. En fait, les résidents étrangers acquittent déjà certains impôts, les droits d'octroi aussi bien que l'impôt foncier sur les biens ruraux. Il n'y a en réalité que trois impôts nouveaux dont les colonies étrangères puissent être grevées: l'impôt sur la propriété bâtie, le droit de timbre, et le droit des patentes.

Bien que la plupart des Puissances aient déjà consenti, en principe, à ce que leurs ressortissants y soient soumis, en fait, ils ne les paient pas; il conviendrait donc, pour prévenir toute difficulté judiciaire et déterminer la portée exacte de l'arrangement, que l'application aux étrangers des trois nouveaux impôts fut ordonnée par une clause spéciale du Décret-Loi, qui doit consacrer l'impôt de 5 pour cent sur les coupons. Cette même clause porterait que l'établissement et le mode de perception des dits impôts seraient réglés par le Gouvernement Égyptien, après entente avec les Consuls, qui s'obligeraient à prêter leurs bons offices en vue de ce résultat. Il paraît, en effet, démontré que l'intervention du Corps Consulaire est indispensable en raison de la nature même des nouvelles taxes. La Loi Égyptienne du 13 Mars, 1884, qui a créé l'impôt sur la propriété bâtie, n'a pu être exécutée parce que l'abstention des contribuables étrangers a empêché l'organisation et le fonctionnement des Commissions d'Évaluation et de Révision. L'intervention du Corps Consulaire ferait probablement cesser cette abstention; dans le cas contraire les Consuls auraient à désigner d'office les étrangers qui devraient siéger dans les Commissions. Les impôts des patentes et du timbre sont encore à l'état de projet; les difficultés qui en ont retardé l'établissement ne manqueront pas d'être levées par une étude entreprise avec le concours des Représentants des Puissances et d'après la méthode suivie à Constantinople pour une œuvre analogue.

D'après l'exposé qui précède, il suffirait donc d'une Convention et d'un Décret élaboré au Caire pour réaliser, conformément à l'entente intervenue entre les Puissances, l'emprunt projeté et les changements qu'on se propose d'introduire, soit à titre permanent, soit à titre provisoire, dans le régime financier établi en Égypte par la Loi de Liquidation. Reste à déterminer la procédure à suivre pour étudier et consacrer par un acte conventionnel l'établissement d'un régime définitif, destiné à garantir, en tout temps et à toutes les Puissances, le libre usage du Canal de Suez. Les Puissances sont d'accord pour reconnaître l'urgence d'une telle négociation. Mais, d'une part, la question est si complexe qu'il paraît difficile d'en aborder utilement le règlement par échange de communications diplomatiques. D'autre part, elle implique l'examen de détails techniques, de points de fait, de circonstances topographiques qui peuvent exercer une grande influence sur les arrangements à prendre et qui feraient défaut pour la plupart, à une assemblée délibérant à distance.

On estime qu'il y aurait avantage à confier à une Commission fonctionnant en Égypte le soin de rechercher les conditions pratiques et de poser les bases d'un arrangement sur la matière. Chacune des Grandes Puissances y serait représentée par son Agent en Égypte, assisté d'un autre Délégué; la Turquie, comme Puissance Suzeraine, et l'Égypte y auraient également chacune deux Délégués. La Commission commencerait ses travaux dans la première quinzaine de Mars; le travail qu'elle aurait préparé serait soumis à une Conférence et servirait de base à une Convention définitive. Cette Conférence se réunirait dans un lieu qui serait fixé immédiatement après la clôture des travaux de la Commission. Les Hautes Parties Contractantes s'emploieraient ensuite à obtenir l'accession des autres Puissances.

Résumé.

Conclusion à Londres entre les Représentants des Puissances Garantes, de la Turquie et de l'Égypte, d'une Convention destinée à fixer les conditions et l'emploi d'un emprunt de 9.000.000/; élaboration par le Gouvernement Égyptien, d'accord avec les Représentants des Grandes Puissances d'un Décret établissant l'impôt provisoire de 5 pour cent sur les coupons de la dette et les taxes nouvelles sur les étrangers; réunion au Caire d'une Commission chargée de préparer un arrangement relatif au Canal de Suez; telles sont en définitive les propositions que le Gouvernement de la République soumet aux Puissances comme moyens pratiques de réaliser l'accord de vues dont elles ont déjà posé les bases. Leur adhésion à ce programme serait constatée par un échange de déclarations suivi de l'envoi des instructions nécessaires pour en assurer l'exécution immédiate.

Londres, le 8 Février, 1885.

Sir J. S. Lumley to Earl Granville.—(Received February 9, 12.30 P.M.)

(No. 19.)

(Telegraphic.)

Rome, February 9, 1885, 11.45 A.M.

YOUR telegram No. 17: Egyptian.

Have obtained loan of Collective Report in original of three members of Egyptian Caisse on proposals of British Government, dated 29th December; is this the document requisite?

If so, will send copy by messenger.

No. 150.

Earl Granville to Sir J. S. Lumley.

(No. 19.)

(Telegraphic.)

Foreign Office, February 9, 1885, 4.10 P.M.

YOUR telegram No. 19.

Yes. Send by post.

No. 151.

Earl Granville to Viscount Lyons.

(No. 125.)

My Lord,

Foreign Office, February 9, 1885.

M. WADDINGTON informed me on the 3rd instant that he was still without his final instructions for the settlement of the Egyptian financial question. His Excellency added that he learned that the delay arose solely from the necessity of coming to an understanding with some of the Powers on the question of form. M. Ferry, he said, regretted these delays as much as he did himself.

On the following day M. Waddington called and gave me briefly, and in confidence, the substance of the communication which he would be authorized to make to me, but which he was not yet in a position to hand to me officially.

On the 8th instant, as I had heard no more from his Excellency on the subject, I expressed to him again my disappointment and regret at the delay which seemed hardly compatible with his having had the instructions in his hands for some days, and with the strong wish expressed by M. Ferry that there should be no time lost.

I added that he was no doubt aware that Austria and Germany would offer no objections.

M. Waddington, yesterday evening, forwarded to me the communication in an official note, of which a copy will be sent to your Excellency.

I am, &c.

(Signed) GRANVILLE.

No. 152.

Earl Granville to Sir E. Malet.

E

(No. 92. Confidential.)

Sir,

Foreign Office, February 9, 1885.

THE German Ambassador told me yesterday, in confidence, that he had not yet received any further instructions as to the settlement of the Egyptian financial question, but that he had been informed by telegraph that no difficulties would be offered by Germany if Her Majesty's Government could come to an agreement with France and the other Powers.

I am, &c.

(Signed) GRANVILLE.

E

(No. 52.)

Sir,

Earl Granville to Sir J. S. Lumley.

Foreign Office, February 9, 1885.

THE Italian Ambassador told me to-day that his Government had given their assent in principle to the French Memorandum on the settlement of the Egyptian financial question, as they understood that it was in conformity with the views of Her Majesty's Government.

There was one provision in the justice of which the Italian Government did not entirely concur, that which laid down that the Commission which should, in case of need, be charged with the inquiry into the finances two years hence should be formed on the model of the previous Commission of Inquiry, thus giving to England and France a greater number of Commissioners than any other Power. But the Italian Government had made no objection, as it was our proposal.

I am, &c.

(Signed) GRANVILLE.

No. 154.

Earl Granville to Sir E. Baring.

(No. 45.)

(Telegraphic.)

Foreign Office, February 9, 1885, 10.15 P.M.

GERMAN Ambassador states that German and Russian Governments agree that salaries of their Commissioners on the Caisse shall be 2,000l. Italian Government also agree that their new Commissioner shall have that salary. We are ready to consent to reduction of our Commissioner's salary to same sum on expiration of his contract.

Inform Khedive that we agree to appointment of German and Russian Commissioners on these conditions, and advise him to notify his assent at once, provided that Austrian and French Governments will consent to reduction of salaries of their Commissioners on expiration of their contracts.

No. 155.

Earl Granville to Sir E. Baring.

(No. 55. Ext. 45.)

Sir,

Foreign Office, February 9, 1885.

THE German Ambassador has informed me that the German and Russian Governments agree that the salaries of their Commissioners on the Caisse de la Dette shall be fixed at 2,000l. per annum.

The Italians are also ready to agree that their new Commissioner shall receive that salary.

Her Majesty's Government are prepared to consent to the salary of the British Commissioner being reduced to the same amount on the expiration of his contract.

I have to instruct you to inform the Khedive that Her Majesty's Government agree to the appointment of German and Russian Commissioners on the Caisse on these conditions, and that they advise His Highness to notify his assent at once, provided that the Austro-Hungarian and French Governments will consent to a similar reduction of the salaries of their Commissioners on the expiration of their existing contracts.

I am, &c.

(Signed) GRANVILLE.

No. 156.

Sir E. Baring to Earl Granville.—(Received February 10.)

(No. 89.)

My Lord,

Cairo, January 28, 1885.

I HAVE the honour to inclose a copy of the official Return of the revenues of the Custom-house for 1884, which are very satisfactory. The total revenue for the year

amounts to £ E. 798,708, to which must be added a sum of from £ E. 4,000 to £ E. 5,000, on account of the duties on indigo, which have been paid in kind, and which have not yet been realized.

I asked Mr. Caillard whether he has any observations to offer upon these Returns, and beg to inclose an extract from a letter which I have received from him in reply.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 156.

TABLEAU Comparatif des Revenus des Douanes pour le mois de Décembre—

	1880.	1881.	1882.	1883.	1884.
	P. T. p.	P. T. p.	P. T. p.	P. T. p.	P. T. p.
Importation	4,790,331 26	4,721,655 28	5,332,824 33	5,518,559 00	4,766,025 06
Exportation	2,031,623 38	2,253,922 05	2,142,545 09	2,058,997 10	2,712,628 02
Divers	344,078 07	674,287 25	138,911 32	302,139 14	275,555 08
Octroi sur le tabac ..	895,024 04	2,041,446 33	1,278,718 31	1,175,898 10	487,730 35
Droits sur le tabac Grec ..	..	..	..	..	742,535 30
Total	8,061,057 35	9,691,312 11	9,193,000 25	9,085,593 34	9,014,475 01

Jusqu'à la fin de Décembre—

	1880.	1881.	1882.	1883.	1884.
	P. T. p.	P. T. p.	P. T. p.	P. T. p.	P. T. p.
Importation	46,846,016 17	48,708,920 23	38,572,142 28	51,249,652 20	49,153,441 07*
Exportation	16,654,873 01	14,306,902 06	12,178,708 19	13,128,679 14	14,229,914 00
Divers	3,219,088 31	3,254,902 30	2,516,066 25	2,760,967 03	2,941,298 23
Octroi sur le tabac ..	654,061 21	9,716,800 18	9,164,350 04	8,669,166 35	7,836,725 31
Droits sur le tabac Grec ..	..	..	..	..	5,409,430 36
Total	67,374,012 30	75,987,525 37	62,431,267 36	75,808,765 32	79,870,816 17

Inclosure 2 in No. 156.

Mr. Caillard to Sir E. Baring.

(Extract.)

Alexandria, January 27, 1885.

I AM unable to give in much detail an explanation of the Revenue figures for 1884, as my statistics will not be ready until next month at the earliest, and the figures are at present too incomplete to form any basis of calculation.

The imports for the Army of Occupation have not affected the amounts, the total amount of duty paid in 1884 being £ E. 1,500 only. This sum represents the duty on supplies imported by purveyors since the beginning of October, when these supplies became liable to immediate payment of duty. The amount due from the Egyptian or British Government for Commissariat supplies is much larger, but it has not yet been paid and does not therefore come into account. Some trades have nevertheless been without doubt indirectly stimulated by the presence of the Army of Occupation.

The increase in the tobacco duties collected may, I think, be relied on for the current year. I do not believe there is any smuggling now—it would scarcely pay—but I have asked leave to build three swift boats as cruisers, and am preparing a scheme for the replacing of the military watchmen in the old forts along the north coast by coast-guardsmen, so as to establish a complete chain of guards.

With nothing to fear from smuggling, I do not think that my estimate of

* Depuis quatre mois le droit d'entrée sur l'indigo a été payé en nature, les négociants ayant refusé d'accepter le Tarif Douanier pour cet article. Une somme de £ E. 5,000 environ ainsi perçue ne pourra être réalisée qu'au fur et à mesure des ventes.

En comprenant cette somme les recettes d'importation seraient portées à £ E. 499,534, et la recette totale à £ E. 803,708.

£ E. 135,000 for tobacco duty is too high. It represents about 2½ lbs. per annum per head of the male population of Egypt. If we add native-grown tobacco to the quantity imported we still get only 5,000,000 okes (or thereabout), making roughly 4 lbs. per head of the male population.

The comparative increase in the total revenue for 1884, viz., £ E. 40,000, is solely due to the admission of Greek and other tobacco, the slight decrease in the imports having been in part counterbalanced by a corresponding increase in the exports. It is interesting to note, however, that the total revenue from the imports and exports has been maintained at the same figure as in 1880, 1881, and 1883, in spite of the continuous and heavy fall in the prices of import or export. This fall, varying from 10 to 40 per cent., has affected especially iron goods, cotton manufactures, indigo, and sugar amongst the imports; while all the chief products of the country have suffered severely, as is well known. I should also point out that the quantities of several of the chief articles of importation fell off to a very large extent in 1884, the decrease in the imports of cotton manufactures from England alone being about 25 per cent., and in machinery about 20 per cent. The loss of revenue by the decrease in these two items alone amounted to over £ E. 40,000.

I do not think that the satisfactory results obtained in 1884 in the face of these counteracting influences can be ascribed to increased commercial activity. Most of the commercial houses appear to have limited their importations to the strict necessities of their business, and in hundreds of cases the duty has been paid in kind, simply in order to avoid the disbursement of the cash.

It seems probable, therefore, that the maintaining of the revenue at the normal rate of the last few (good) years, has been mainly due to greater exactness and care on the part of the Customs employes. The new Regulations, although their application is still restricted, have undoubtedly given a stimulus to the exertions of the employes, who find themselves protected against attempts at corruption or insult, while their powers are more clearly defined.

No. 157.

Sir E. Baring to Earl Granville.—(Received February 10.)

(No. 96.)

My Lord,

Cairo, February 2, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 28 of the 30th ultimo, in which your Lordship points out the inconvenience which may result from the unauthorized insertion by the Financial Department of a certain sum on account of the expenses of the Army of Occupation.

In connection with this subject I wish to mention that when Mr. Vincent handed me the Estimates I pointed out to him that there was no authority for fixing the expenditure on this account at 100,000*l*. Mr. Vincent, however, said that, as the precise sum which would be demanded by Her Majesty's Government on account of the expenses of the Army of Occupation was not known, a figure had been entered in the Estimates *pro forma*, but that it was clearly understood that the entry in no way bound Her Majesty's Government to accept this particular figure.

Since the receipt of your Lordship's telegram, I have spoken again to Mr. Vincent on the subject, and it has been arranged that, pending a final decision as to the amount, the sum due on account of expenses of the Army of Occupation should be left blank. I may mention that the printing of the Estimates is not yet finished, so that no publicity has been given to the entry to which exception has been taken.

I have, &c.
(Signed) E. BARING.

No. 158.

Memorandum communicated to Earl Granville by Musurus Pasha, February 10.

A LA séance du 29 Juillet de la Conférence de Londres de 1884, le Plénipotentiaire de Turquie a demandé que son Gouvernement fût représenté à la Commission de la Caisse de la Dette Égyptienne. Une demande semblable a été faite dans la même séance par les Plénipotentiaires d'Allemagne et de Russie. La Conférence ayant été ajournée *sine die*, cette question est restée en suspens. La Sublime Porte insiste

maintenant sur sa demande avec d'autant plus de force que l'Allemagne et la Russie viennent d'être admises à être représentées à la dite Commission.

Non seulement la Sublime Porte a le droit d'être représentée à cette Commission au même titre que les autres Grandes Puissances; mais, en sa qualité de Puissance Souveraine, elle a spécialement celui de connaître la situation des finances Égyptiennes, sur laquelle elle a été appelée à délibérer lors de la dernière Conférence, et de veiller aux intérêts du Trésor de cette province de l'Empire.

Il n'y a pas dans le droit des gens d'exemple d'une Commission Internationale de cette nature d'où la Puissance Souveraine soit exclue. Tous les précédents viennent à l'appui de la demande de la Sublime Porte, et il suffirait de citer l'existence actuelle du Conseil d'Administration de la Dette Ottomane, qui, chargé de percevoir les revenus affectés au service de cette dette, est composé de délégués représentant les créanciers de chaque nation, et au sein duquel siège un Commissaire Impérial, outre le délégué représentant les créanciers sujets Ottomans.

Il importe d'ajouter que, indépendamment de sa qualité de Puissance Souveraine, la Sublime Porte a le droit d'être représentée à la Commission de la Caisse Égyptienne au même titre que les autres Puissances, par la raison qu'il y a un grand nombre de sujets Ottomans qui sont détenteurs de la Dette Égyptienne pour des sommes considérables.

Porte de son droit, la Sublime Porte a la certitude qu'aucune des autres Grandes Puissances ne contestera l'admission d'un fonctionnaire Ottoman à la Commission de la Caisse, en même temps que l'admission des Délégués de l'Allemagne et de la Russie.

Londres, le 10 Février, 1885.

No. 159.

Sir E. Baring to Earl Granville.—(Received February 10, 3.5 P.M.)

(No. 70.)
(Telegraphic.)

Cairo, February 10, 1885.

YOUR telegram No. 45 of yesterday.

Nubar Pasha has informed German and Russian Consuls-General that Egyptian Government is prepared to appoint German and Russian Commissioners of the Debt.

He has also informed the French and Austrian Consuls-General that, at the expiration of the present contracts, the Egyptian Government propose to reduce the salaries of their Commissioners to 2,000*l.* per annum.

I wish to explain that the Egyptian Government hold, and I think rightly, that they have the power to fix the salaries of the Commissioners without obtaining the previous consent of the Powers concerned.

No. 160.

Sir E. Baring to Earl Granville.—(Received by telegraph, February 10.)

(No. 134. Ext. 70.)

My Lord,

Cairo, February 10, 1885.

I COMMUNICATED to Nubar Pasha your Lordship's telegram No. 45 of yesterday, and his Excellency has informed the German and Russian Consuls-General that the Egyptian Government is prepared to appoint German and Russian Commissioners of the Debt.

He has also informed the French and Austrian Consuls-General that, at the expiration of the present contracts of their Commissioners, the Egyptian Government proposes to reduce their salaries to 2,000*l.* a-year.

The Egyptian Government holds that they have the power to fix the salaries of the Commissioners without obtaining the previous consent of the Powers concerned. In my opinion this view is correct.

I have, &c.
(Signed) E. BARING.

No. 161.

Sir J. S. Lumley to Earl Granville.—(Received February 10, 8 P.M.)

(No. 21.)
(Telegraphic.)

Rome, February 10, 1885, 7.15 P.M.

EGYPT finance.

French proposals accepted by Italian Government in note addressed to French Ambassador to-day.

No. 162.

E

Earl Granville to Mr. Wyndham.

(No. 62.)
(Extract.)

Foreign Office, February 10, 1885.

MUSURUS PASHA and Hassan Fehmi Pasha called upon me together this afternoon.

Musurus Pasha presented to me the inclosed application for the representation of Turkey on the Egyptian Caisse de la Dette Publique.* He claimed the right, he said, as it would be a humiliation for the Sultan if he, as Sovereign of the country, were excluded from the Commission when Russia was to be represented.

Many Turkish subjects, his Excellency added, were holders of Egyptian bonds; and if, as seemed possible, an alteration of the Law of Liquidation was required, the admission of a Turkish Representative on the Caisse ought to form part of the amendments to be introduced into the Law.

I pointed out some difficulties which occurred to me, without expressing any hostility to the idea, and promised that the note should be carefully considered and an answer given.

No. 163.

E

Earl Granville to Sir A. Paget.

(No. 47.)
Sir,

Foreign Office, February 10, 1885.

THE Austro-Hungarian Ambassador called upon me this afternoon, and said that his Government had no objection in principle to the French programme for the settlement of the Egyptian financial question, and were ready to come to an agreement with the other Powers on that basis.

His Excellency asked what was the opinion of Her Majesty's Government respecting it.

I told him that it would be necessary for us to have a technical and friendly examination of the financial details.

There was, I observed, a difference of wording between our reply to the French proposals and the present French Memorandum, as regards the appointment of a Commission of Inquiry in case of a permanent tax on the coupon appearing to be necessary, as we had merely stated that the appointment of such a Commission might, under those circumstances, be fair matter for consideration; whereas the French Memorandum made it an absolute condition. We thought, too, that the eventual composition of the Commission should be settled at the time rather than now.

With regard to the other Commission proposed in the French Memorandum for inquiry into the details of the arrangement to be made with regard to the Suez Canal, we did not understand what facts, and what technical or topographical details, it was necessary to ascertain.

The arrangement, as we understand it, was to be based on the general principles set forth in our Circular of the 3rd January, 1883, and all the facts as to the Canal were sufficiently well known.

I am, &c.
(Signed) GRANVILLE.

No. 164.

E
(No. 50.)
Sir, *Earl Granville to Sir A. Paget.**Foreign Office, February 10, 1885.*

THE Austro-Hungarian Ambassador called upon me this afternoon, and told me that his Government would object to take part in a joint and several guarantee of the new Egyptian Loan if one of the Powers (Russia) declined to do so.

I am, &c.
(Signed) GRANVILLE.

No. 165.

Sir E. Baring to Earl Granville.—(Received by telegraph, February 11.)

(No. 138. Ext. 72.)

My Lord,

Cairo, February 11, 1885.

IT would be a considerable advantage if the German Government would adhere to the new Egyptian Custom-house Regulations, which have been accepted by England, Italy, Greece, and the United States. I hear that they are inclined to do so.

Her Majesty's Government having agreed to the appointment of a German Commissioner of the Debt might perhaps make a representation at Berlin in this sense with some chance of success.

I have, &c.
(Signed) E. BARING.

No. 166.

Earl Granville to Sir E. Baring.

(No. 49.)

(Telegraphic.)

Foreign Office, February 11, 1885, 7.35 P.M.

FOLLOWING from Welby:—

"Very important that we should receive Occupation Army money and Suez money before 31st March. Please try to arrange this, by Chancellor's desire."

No. 167.

Earl Granville to Sir E. Malet.

(No. 98.)

Sir,

Foreign Office, February 11, 1885.

THE German Ambassador has informed me that the German and Russian Governments agree that the salaries of their Commissioners on the Caisse de la Dette in Egypt shall be 2,000*l.* a year. The Italian Government also agree that their new Commissioner shall have that salary.

Her Majesty's Government are ready to consent to the reduction of the salary of their Commissioner to the same sum on the expiration of his contract.

I have accordingly instructed Her Majesty's Agent and Consul-General at Cairo to inform the Khedive that Her Majesty's Government agree to the appointment of German and Russian Commissioners on these conditions, and to recommend His Highness to notify his assent at once.

I am, &c.
(Signed) GRANVILLE.

No. 168.

Mr. Wyndham to Earl Granville.—(Received February 12.)

(No. 58.)

My Lord,

Constantinople, February 4, 1885.

I HAVE the honour to report that, in compliance with the instructions contained in your Lordship's despatch No. 40 of the 23rd ultimo, I have duly furnished the

Sublime Porte with a copy of the despatch addressed by your Lordship to Her Majesty's Ambassador in Paris, containing the reply of Her Majesty's Government to the French counter-proposals on the subject of Egyptian finance.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 169.

Sir E. Baring to Earl Granville.—(Received February 12, 1.15 P.M.)

(No. 76.)

(Telegraphic.)

Cairo, February 12, 1885, 11.35 A.M.

YOUR telegram No. 49 of the 11th.

Payment of Army of Occupation expenses depends but very slightly on anything that can be done here. Before I can take any useful action it is essential that two preliminary points should be settled:—

1. Her Majesty's Government must decide what amount shall be demanded of the Egyptian Government. I suggest taking the Conference figure for the calendar year 1884, leaving the 1885 for further consideration. But if this suggestion is not adopted, the Paymaster here shall be instructed to inform Egyptian Government without delay of the number of troops in Egypt proper for whom capitulation rate is due.

2. Directly the raising of the loan is positively settled, Egyptian Government should be informed officially of the amount on which they can reckon. As soon as this is done arrangements can, I trust, be made to pay the English Government and the indemnities simultaneously. In my opinion it would be most undesirable to pay the former without commencing the payment of latter.

If the loan money is not available before 31st March, not only will it be impossible to pay the English Treasury, but there will be the greatest difficulty in payment of salaries of the officials.

No. 170.

Sir E. Baring to Earl Granville.—(Received by telegraph, February 12.)

(No. 112. Ext. 76.)

My Lord,

Cairo, February 12, 1885.

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 49 of yesterday, informing me that it is very important that Her Majesty's Government should receive the money for the Army of Occupation before the 31st March.

I have the honour to point out that the payment of the expenses of the Army of Occupation depends but very slightly on anything that can be done here. Before I can take any useful action it is essential that two preliminary points should be settled:—

1. Her Majesty's Government must decide what amount shall be demanded of the Egyptian Government. I would suggest that the figure proposed by the Conference, 300,000*l.*, be taken for the calendar year 1884, leaving the expenses of 1885 for future consideration; but if this suggestion is not adopted, the Paymaster here should be instructed to inform the Egyptian Government without delay of the number of troops in Egypt proper for whom the capitulation rate is due.

2. As soon as the raising of the loan is positively settled, the Egyptian Government should be informed officially of the amount on which they can reckon. Arrangements can then, I trust, at once be made to pay the English Government and the indemnities simultaneously.

It would, in my opinion, be most undesirable to pay the former without commencing to pay the latter.

If the loan money is not available before the 31st March, not only will it be impossible to pay the English Treasury, but there will be the greatest difficulty in paying the salaries of the officials.

I have, &c.
(Signed) E. BARING.

No. 171.

Earl Granville to Sir E. Baring.(No. 53.)
(Telegraphic.)*Foreign Office, February 12, 1885, 7 P.M.*

IS the announcement in the press of the appointment of a successor to Fitzgerald correct, and, if so, was it made with your knowledge and sanction?

No. 172.

Sir J. S. Lumley to Earl Granville.—(Received February 13.)

(No. 43.)

My Lord,

Rome, February 10, 1885.

IN accordance with the instructions conveyed to me in your Lordship's telegram No. 19 of the 9th February, I have the honour to forward herewith to your Lordship a copy of the Collective Report of three members of the Egyptian Caisse on the first propositions of Her Majesty's Government for the amelioration of the Egyptian finances.

I have, &c.

(Signed) J. S. SAVILE LUMLEY.

No. 173.

Sir E. Baring to Earl Granville.—(Received February 13, 10.15 A.M.)(No. 78.)
(Telegraphic.)*Cairo, February 13, 1885, 9 A.M.*

YOUR Lordship's telegram No. 53 of yesterday.

Westland has been offered and has accepted Fitzgerald's place. Offer was made with my full approval. I suggested his name myself. I do not think a better selection could have been made. He is a very competent man. Lord Northbrook knows about him.

No. 174.

Earl Granville to Viscount Lyons.

(No. 146.)

My Lord,

Foreign Office, February 13, 1885.

I COMMUNICATED to the French Ambassador on the 11th instant the inclosed Memorandum, specifying certain alterations which we desired to see made in the French scheme for the settlement of the Egyptian financial question. I had already explained to his Excellency our reasons for wishing these changes, which were as follows.

We noticed that the French Ambassador went beyond the terms of our counter-proposal in regard to the appointment of a Commission of Inquiry into the finances of Egypt in case of a continued or permanent tax upon the coupons of the debt being found necessary. We had stated that under such circumstances the institution of such a Commission would be fair matter for consideration; the French scheme made its appointment obligatory. We thought also that the eventual composition of the Commission, if it became necessary, had better be left to be settled at the time, according to the circumstances then existing, rather than that it should be stereotyped beforehand by the terms of the present Agreement.

As regards the proposed International Commission at Cairo to prepare the arrangement with regard to the Suez Canal, we did not know what facts or technical or topographical details it was necessary to ascertain. We believed that all the facts with regard to the Suez Canal were perfectly well known, and that nothing more was necessary than to proceed at once to draw up an Act or Convention on the basis of the principles laid down in my Circular of the 3rd January, 1883, which we understood to have met with general concurrence on the part of all the Powers.

M. Waddington called upon me again this morning and told me that he had communicated to his Government the proposed modifications, and had also consulted the Representatives of the other Powers on the subject.

As regards the Commission of Inquiry, they were agreed that unless the stipulation for its appointment, in the event of a continued tax on the coupon, were made definite and obligatory, there would be no sufficient security to the bondholders that their interests would be sufficiently regarded.

As to reserving the question of its composition for future decision, M. Waddington said that he could not speak positively, but that he did not anticipate any difficulty.

With regard to the proposed Commission on the Suez Canal, his Excellency observed that the French Government had made a definite proposal. We had presented a criticism on that proposal, but we had not put forward any alternative. What course did we suggest in substitution for the inquiry by an International Commission?

I said that we had objected to the appointment of a Commission as an useless exerecense upon our original proposal. We did not see that there was anything for such a Commission to ascertain which was not already sufficiently well known. All that was required was to draw up a formal Act for the purpose of carrying into effect the principle set forth in my Circular of two years ago. We had ourselves proposed one modification in those principles, and if any other Power had amendments to suggest, we should be happy to discuss them. But we saw no necessity for, and no advantage in, an International Commission at Cairo for the purpose.

I am, &c.

(Signed) GRANVILLE.

Inclosure in No. 174.

Memorandum.

Clauses.

(A.)

SI après ce temps le Gouvernement Égyptien jugeait nécessaire de le maintenir, soit pendant un certain nombre d'années, soit à titre permanent, il ne le pourrait qu'après avoir fait appel aux Puissances pour provoquer l'institution d'une Commission Internationale "semblable à celle qui a siégé avant la confection de la Loi de Liquidation." (Décret Égyptien du 31 Mars, 1880.) Cet engagement du Gouvernement Égyptien ferait l'objet d'une clause spéciale dans le Décret.

La Commission ainsi instituée aurait pour mandat de procéder à une enquête générale sur la situation financière de l'Égypte et de proposer les moyens qui lui sembleraient convenables pour assurer une nouvelle répartition des ressources du pays; elle se composerait des membres de la Caisse de la Dette Publique, de deux Commissaires désignés par chacun des Gouvernements de France et de la Grande-Bretagne, et d'un Commissaire désigné par chacun des Gouvernements d'Allemagne, d'Autriche-Hongrie, de Russie, et d'Italie. Le Gouvernement Ottoman et le Gouvernement Égyptien se feraient représenter par un Délégué auprès de la Commission. Les autres Puissances seraient invitées ultérieure-

Substituted Clauses.

(A.)

SI après ce temps le Gouvernement Égyptien jugeait nécessaire de le maintenir, soit pendant un certain nombre d'années, soit à titre permanent, les Puissances aviseraient sur l'opportunité d'instituer comme mesure préalable, une Commission Internationale à laquelle seraient attribuées les fonctions de celle qui a siégé avant la confection de la Loi de Liquidation. (Décret Égyptien du 31 Mars, 1880.)

Cet engagement ferait l'objet d'une clause spéciale dans le Décret. La composition de cette Commission serait réglée d'accord avec les Puissances.

Clauses.

ment à donner leur adhésion aux mesures édictées par le Gouvernement Égyptien, d'après les conclusions de la Commission d'Enquête, afin de conférer au Décret du Khédive force de loi internationale.

(B.)

Les Puissances sont d'accord pour reconnaître l'urgence d'une telle négociation. Mais, d'une part, la question est si complexe qu'il paraît difficile d'en aborder utilement le règlement par échange de communications diplomatiques. D'autre part, elle implique l'examen de détails techniques, de points de fait, de circonstances topographiques qui peuvent exercer une grande influence sur les arrangements à prendre et qui seraient délaissés pour la plupart, à une assemblée délibérant à distance.

On estime qu'il y aurait avantage à confier à une Commission fonctionnant en Égypte le soin de rechercher les conditions pratiques et de poser les bases d'un arrangement sur la matière. Chacune des Grandes Puissances y serait représentée par son Agent en Égypte, assisté d'un autre Délégué; la Turquie comme Puissance Suzeraine, et l'Égypte y auraient également chacune deux Délégués. La Commission commencerait ses travaux dans la première quinzaine de Mars; le travail qu'elle aurait préparé serait soumis à une Conférence et servirait de base à une Convention définitive. Cette Conférence se réunirait dans un lieu qui serait fixé immédiatement après la clôture des travaux de la Commission. Les Hautes Parties Contractantes s'emploieraient ensuite à obtenir l'accession des autres Puissances.

(C.)

Réunion au Caire d'une Commission chargée de préparer un arrangement relatif au Canal de Suez.

Négociation d'un Acte Conventionnel relatif au libre usage du Canal de Suez.

No. 175.

Sir E. Baring to Earl Granville.—(Received February 13, 11 P.M.)

(No. 82.)

(Telegraphic.)

Cairo, February 13, 1885, 7.20 P.M.

VINCENT has shown me French note on finances which was telegraphed by Blum.

Egyptian Government has telegraphed to Blum on several points of important detail.

I wish to add that I hope French proposal about Commission of Inquiry will not be accepted as it stands. It is open to several objections, which are so obvious that I need scarcely telegraph at length about them.

Substituted Clauses.

(B.)

Les Puissances sont d'accord pour reconnaître l'urgence d'une telle négociation, à laquelle servirait de base la Circulaire du Gouvernement de Sa Majesté Britannique à ce sujet à la date du 3 Janvier, 1883. L'Acte contiendrait en outre les dispositions nécessaires pour assurer les conditions de la plus stricte neutralité par rapport à l'approvisionnement et au ravitaillement des navires de guerre des Puissances belligérantes dans le Canal.

(C.)

No. 176.

E
(No. 59.)
Sir,

Earl Granville to Sir E. Thornton.

Foreign Office, February 14, 1885.

THE Russian Ambassador called upon me this afternoon, and informed me that his Government agreed to join in a guarantee of the new Egyptian Loan, but would only be responsible for a sixth portion of it.

I asked M. de Staal how it was proposed that this arrangement should be carried into effect. The guarantee of the loan was, according to the proposals now before the Powers, to be on the model of that of the Turkish Loan of 1855—that is to say, a joint and several guarantee. Did the Russian Government contemplate the issue of a sixth part of the loan under Russian guarantee only, while the remaining five-sixths were guaranteed by all the Powers; or were the Russian Government prepared themselves to advance the sixth part of the sum required, leaving the rest to be obtained by a guaranteed loan in which they would take no part?

His Excellency said that he was unable to answer me on these points. He was not himself a financier, and did not feel competent to discuss on his own responsibility the details of the arrangement, on which he had received no instructions.

I am, &c.

(Signed) GRANVILLE.

No. 177.

Sir J. Pauncefote to Messrs. Waring Brothers.

Gentlemen,

Foreign Office, February 14, 1885.

I AM directed by Earl Granville to state that his Lordship has had under his careful consideration, in conjunction with his colleagues, your communication of the 10th December, submitting a scheme for leasing, completing, and working the Egyptian railways and telegraphs and the port of Alexandria.

Her Majesty's Government, while not wishing to express any adverse opinion on the merits of the scheme itself, have come to the conclusion that they cannot take any active steps in support of it.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 178.

Earl Granville to M. de Staal.

M. l'Ambassadeur,

Foreign Office, February 16, 1885.

YOU were good enough to inform me on Saturday that the Russian Government were prepared to join in a guarantee of the new Egyptian Loan, but would only be responsible for a sixth portion of it.

The loan itself cannot be divided, unless Russia intends to advance one-sixth of it.

I am asked by the Chancellor of the Exchequer whether the meaning of your Excellency's Government is that, in the event of any default in the payment of interest by the Egyptian Government, Russia will only make good such default up to the interest on 1,500,000/, which is a sixth of the whole loan. Mr. Childers observes that Russia could never be called on for more than this, unless one of the other guaranteeing Powers made default as well as Egypt.

We ourselves have no objection to offer to this reservation.

I should be much obliged by an early answer.

I have, &c.

(Signed) GRANVILLE.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 107.)

My Lord,

Cairo, February 1, 1885.

ONE of the causes which has contributed to the present financial embarrassments of Egypt has undoubtedly been the defective organization of the Financial Department. In all well-organized Governments this Department exercises two important functions. The first is to check the growth of expenditure. The second is to enforce obedience to the Financial Regulations. During the last few years considerable improvements have been made in the organization of the Egyptian Financial Department.

Yet the growth of establishments which took place shortly after the Law of Liquidation was framed showed that the Department was not sufficiently strong to insure the economical working of the Administration. Allusion is made to this subject in the Report of the Committee, of which I was President, which sat in London last summer.

In the course of last year a Committee was formed, under the presidency of the Minister of Finance, which it was intended should, broadly speaking, exercise much the same functions as those which are performed by the Treasury in England.

I have now the honour to inclose a Report from Mr. Vincent on the working of this Committee.

The results which have been so far attained are, I think, satisfactory.

I have, &c.

(Signed) E. BARING.

Inclosure in No. 179.

Note by Mr. Vincent on Financial Reform in Egypt.

VERY satisfactory progress has been made in 1881 towards establishing an efficient control over expenditure. The result of the establishment of the Finance Committee has been to give increased authority to the Finance Department, and to prevent a large portion of the unjustifiable expenditure which was incurred in former years. The provisional Returns of the 1881 expenditure, which have been already received, are a strong proof of this. Another sign of the same change is given by the alteration in the nature of the cases which are now sent to the Finance Committee for decision. Formerly, demands for pensions beyond the Regulations, requests for gratuities, and proposals for extravagant expenditure came in daily. It is now known that all expenditure not provided for in the Budget, and not authorized by the Regulations, will be rejected. The consequence has been that the cases sent up are fewer in number and of such nature as to necessitate careful consideration.

In a country like Egypt, where the administration has not long been organized on a sound basis, the Regulations are less comprehensive than in more advanced countries; more cases, therefore, occur which have not been foreseen by the Regulations in force, and for which a special decision must be taken. The Oriental plan is to decide each case on its merits, and to make no attempt to codify principles. It is obvious that this system leaves the door open to the arbitrary exercise of power, and throws a vast deal of unnecessary work on the shoulders of those with whom the decision rests. It has been the constant endeavour of the Government to put an end to the arbitrary system and only to decide cases by virtue of established rule.

By this means a great step has been made towards the abolition of "backsheesh." If the decision of a case rests with an individual, it is obvious that, putting aside considerations of European morality, it is good policy to bribe him. In Egypt a different standard of conduct prevails to that which we in England consider right. It is only with some of the more highly educated natives that the giving and taking of bribes are considered other than legitimate transactions. It is not that the giver and the receiver are less virtuous than the ordinary European, but that they have a different code of honour. To change the standard of conduct of a nation is the work not of months but of years. As long as it is worth bribing an official there will, during at least the present century, be in Egypt both people to give bribes and officials to receive them. The only immediately effective means by which we can put an end to the curse of "backsheesh" are (1) by punishing the offender with dismissal, and (2) by rendering it a waste of money to give "backsheesh." Once remove the decision of a case from

the arbitrary will of an individual, and decide it according to fixed Regulations, and you eliminate the motive which induces the giving of "backsheesh," and with this the opportunity of receiving it. Our object should be to replace individual will by law, and to substitute administrative jurisprudence for the arbitrary decision of officials.

Any one who knew Egypt ten years ago, and who visits it now, cannot fail to observe the immense progress which has been made in this direction, more particularly in Cairo. In the provinces much still remains to be done, but there can be no question as to the improvement already achieved.

Two recent decisions of the Council of Ministers deserve to be quoted in speaking on the subject of financial control. The first is that which provides that no new appointment and no promotion shall be made without the sanction both of the Committee of Finance and of the Council of Ministers. By the second the Council of Ministers denies itself the right of granting supplementary credits not provided for in Budget, unless justified by causes which could not have been foreseen at the time the Budget was prepared.

The first of these decisions was taken on the following grounds, viz., that the establishments in many offices are redundant, and that the Head of a Department is naturally inclined to fill up every vacant post. As a temporary measure it was therefore thought expedient to place the decision in the hands of the central authority. I cannot say that I am in favour of the centralization which this entails, and I shall be glad when the normal establishment has been reached, and it is possible to leave more latitude to the Heads of Departments. As a temporary measure, however, I cannot question the expediency of the decision. Heads of Departments have such pressure brought upon them to fill up all vacancies that it is most difficult for them to act in this respect with a due regard to economy. A second reason existed for establishing a superior control. Until latterly the central authority in Egypt was so weak that the Heads of different Administrations resented any interference with their entire liberty of action. If this state of affairs had been allowed to continue it would have been impossible to impart unity of action to the Egyptian service or to impose conformity to regulation.

The second decision was necessitated by continual demands for supplementary credits in excess of the annual Budget. These credits were often so considerable in amount as to render any calculation of the result of the financial year, based upon the original Budget, totally fallacious. It appeared essential that the Budget should be elaborated with far greater attention than had previously been done, and that, once sanctioned, changes should only be introduced in cases of unforeseen emergency.

If the decisions above referred to are faithfully observed, and if the financial organization of the country continues to improve as rapidly as it has done during recent years, I believe that, by the end of 1885, Egypt will have every guarantee for economy in the working of the Administration. The results of 1881 and the reforms successfully achieved have rendered me hopeful for the future. A close check is now kept on expenditure, the revenue is collected with regularity and without oppression or favour. What financial results these reforms will produce depends in a large measure upon conditions of climate, upon the rise and fall of the Nile, and upon other causes which it is impossible to foresee. It is certain, however, that the utmost use will be made of the resources at the disposal of the Government, and that the administrative machinery through which the Government has to work is now such as to merit a considerable degree of confidence.

(Signed) EDGAR VINCENT.

February 1, 1885.

No. 180.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 120.)

My Lord,

Cairo, February 8, 1885.

I HAVE the honour to inclose two copies of a summary of the Egyptian Budget for the year 1885, compared with the Budgets for previous years.

The general result of the year 1885 is, in round numbers, as follows:—

REVENUE.				£ E.	£ E.
Revenues assigned to the debt	..	..	..	..	4,483,000
Revenue at the disposal of the Egyptian Government	..	..	..	..	4,414,000
Total revenue	..	..	..	..	8,897,000

EXPENDITURE.					£ E.	£ E.
Administration, including railways	..	..	..	..	4,054,000	
Tribute	..	..	..	..	678,000	
Consolidated Debt—						
Preference and Unified	..	..	..	..	3,342,000	
Non-Consolidated Debt—						
Suez Canal, Daira Khassa, Moukabalah, floating debt, Daira and Domains deficit	..	..	..	..	863,000	
Total ordinary expenditure	..	..	..	..		8,937,000
EXTRAORDINARY EXPENDITURE.						
Police	..	..	..	..	33,000	
Military (expedition to Upper Egypt in connection with Soudan campaign)	..	..	..	..	150,000	
Army of Occupation (amount not yet fixed)	..	..	..	..	Mémoire	
Soudan (a very rough approximation)	..	..	..	..	500,000	
Total extraordinary expenditure	..	..	..	..		683,000
Total expenditure ordinary and extraordinary	..	..	..	..		9,620,000
Deficit, exclusive of Army of Occupation expenses	..	..	..	..		723,000

Leaving out of account all the extraordinary expenditure, the account, calculating interest on the debt at its present rates, would stand thus:—

Revenue	..	..	..	..	..	..	..	£ E.
Expenditure	..	..	..	..	..	..	..	8,897,000
	..	..	..	..	..	..	..	8,937,000
Deficit	..	..	..	..	..	..	..	40,000

I have, &c.
(Signed) E. BARING.

No. 181.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 127.)

My Lord,

Cairo, February 9, 1885.

I HAVE the honour to inclose a note, prepared by Mr. Fitzgerald, on the reforms introduced in the Egyptian Account Department since 1880.

I am sorry to say that Mr. Fitzgerald is about to leave Egypt.

It would be difficult to exaggerate the importance of the services which he has rendered to the Egyptian Government. When he came to Egypt the accounts of the Government were in a state of the utmost confusion. It is entirely due to Mr. Fitzgerald's untiring energy and perseverance that order has now been introduced into this important Department of the Government.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 181.

Note by Mr. Fitzgerald on the Reforms introduced in the Account Department in Egypt since 1880.

BEFORE describing the changes which have been made in the system of accounts since 1880, it seems requisite to refer to the manner in which the receipts and expenditure were dealt with before that date.

It may be said that the sole matter of interest to the Minister of Finance was to know the sum total that each Administration could pay into the Treasury. Provided that the revenue came in, no importance was attached to the source from which it was derived.

There was equal indifference as to whether expenditure was justifiable, and also as regards the financial year to which the receipts and charges belonged.

No control was exercised by the Ministry of Finance over the Provincial Account offices. The amount of taxes which the Heads of Departments paid into the Cairo Treasury was considered the best test of efficient administration.

The accounts rendered to the central office consisted of a monthly summary of the cash transactions, but even these statements were sent in very irregularly, sometimes months, and even years, after the transactions occurred. The Minister of Finance had never at hand the means of affording trustworthy information as to the financial position of the country. Thus, whenever any statistics were required, he was obliged to apply to the various Administrations, whose replies were frequently inexact and difficult to reconcile one with another.

No attempt was made to bring together in any form the results of the financial year. The publication of receipts and expenditure appeared only in anticipation of a new loan, or when needed for the purposes of inquiry into the state of the finances, such as that undertaken by Messrs. Cave, Villette, Goschen, and Joubert.

In the collection of revenue the system was equally imperfect. The cultivators possessed very incomplete information as to the amount due by them to the Government. No dates were fixed for the collection of taxes, which were levied whenever the Minister of Finance required funds. The tax-payer had frequently to pay his year's taxes at the commencement of a year, and occasionally in anticipation of the next year's demand. The small cultivators were the principal sufferers by this state of things. The rich land-owners usually succeeded in evading these premature payments.

There was no obligation to pay the taxes to the Accountant of the village where the land was situated, they might be paid into any Treasury. This gave rise to frequent evasion of the legitimate claims of Government, and rendered it impossible for the Accountants to keep an exact record of the taxes that had been paid, or of the amount that was still due. The provincial Governors accepted the sums paid into their Treasuries without control or inquiry.

The check over expenditure was equally defective. Heads of Administrations had no Budget to guide them as to the disbursements they were authorized to incur. They were free to spend the public money as seemed best to themselves, and when the payments were such as would have been difficult to justify they were charged off to a "suspense" account, thus concealing the real expenditure of the Departments. When the Government at the end of 1879 determined to establish a regular system of accounts, the sums in suspense amounted to several millions.

At the commencement of 1880 the Account Department in the Ministry of Finance and the accounts of the Administrations were placed under the orders of a Director-General.

The first reform introduced was the preparation of a trustworthy Budget, founded upon figures considered to be a fair estimate of the revenue and of the charges on the Government. The Budget of 1880 was the first compiled upon this basis.

In order to secure a more satisfactory collection of revenue, lists of the sums to be recovered under each item of taxation were issued to the provincial Governors, who were charged with allotting the proportion of taxation to the different villages. Each of the tax-payers was provided with an account of what was due from him, and the dates at which he was required to pay. These dates of payment were fixed according to the times when the crops were ready for sale.

A further security was afforded to the cultivators by the village Accountants being required to prepare a statement showing the account of each tax-payer, what he owed, and what he paid during the year. Had the latter any complaint to make as to his account, he was at liberty to apply to the local authorities for redress. A separate branch was formed in the Account Department to exercise control over the village Accountants, and Inspectors were sent into the provinces to see that the rules prescribed were carried into effect. This branch was enabled, in 1884, to examine and verify the accounts of the collectors and of the tax-payers of 3,600 villages.

As regards expenditure, strict Regulations were drawn up, throwing upon the Heads of Departments the responsibility of all disbursements that were beyond the credits accorded in the Budget, or that were not sanctioned by rules. Each Department was required to transmit to the Ministry of Finance monthly accounts current of their receipts and expenditure, according to the classification adopted in the Budget; these accounts are accompanied by vouchers of payments, which undergo a strict audit in the Central Department. I may venture to assert that, under the audit regulations prescribed, no irregular payment can escape notice.

The cash operations of the whole of the Departments in Cairo (excepting the Railways) are now centralized at the Ministry of Finance, and their expenditure is pre-audited instead of post-audited, thus rendering more effectual the control over

irregular payments. This reform was the more necessary, as the principal portion of the expenditure of the country takes place in Cairo.

Financial statements are issued monthly by the Account Department, not later than forty days after the end of the month to which they refer. An annual account is published a few months after the completion of the financial year, showing in the fullest detail the whole of the financial operations of the country. This annual account has been regularly issued since 1880.

In a few words, the reforms introduced in the Account Department are the following:—

Regular publication of the Budget;
Improved system of accounts;
Effective control over receipts and expenditure;
Rapid audit and centralization of accounts;
Periodical publications showing the financial situation of the country.

It may be added that these reforms have been carried out, not only without increase, but with considerable diminution, of expenditure.

(Signed) G. FITZGERALD,
Director-General of Accounts.

Cairo, February 9, 1885.

No. 182.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 129.)

My Lord,

Cairo, February 9, 1885.

I HAVE the honour to inclose an interesting Memorandum prepared by Mr. Gibson on the incidence of the land tax.

The conclusions to which the facts stated by Mr. Gibson point are:—

1. That the total amount of land tax levied in Lower Egypt is not too large, but that the tax is very irregularly distributed.

2. That, until the irrigation in Upper Egypt is much improved, the land tax in that part of the country is too high.

Your Lordship will remember that Lord Northbrook's estimate of revenue provides for a diminution in the amount of the land tax levied in Upper Egypt to the extent of £ E. 250,000 a year.

Whilst on this subject, I may mention that it has now been ascertained that at least 70,000 acres of land are now paying land tax although they have been taken up for canals and railways. Most of these lands are in Lower Egypt, and as the railway passes generally through lands of superior quality, Mr. Gibson is of opinion that the sum of £ E. 100,000, which was provided both in the estimates of the London Committee and in those prepared by Lord Northbrook to provide for a cessation of these improper collections will certainly not be in excess of the sum which will be required.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 182.

Memorandum by Mr. Gibson.

ACCORDING to the latest published Return of Land Revenue (the Budget for the year 1881) the area of land assessed, and the revenue derived therefrom, in Egypt is as follows:—

	Area.	Assessment.	Average Assessment per Feddan.
Lower Egypt—	Feddans	£ E.	P. T. p.
Kharadji	1,751,673	2,119,454	137 35
Ouchouri	907,005	535,037	59 00
	2,661,678	2,954,491	111 00
Upper Egypt—			
Kharadji	1,687,071	1,996,361	118 13
Ouchouri	455,215	166,354	36 22
	2,142,286	2,162,715	100 38

Assessment, Lower Egypt.

Considering the large area of land that is capable of producing two, and sometimes even three, crops in the year, and the improvements recently effected in the distribution of water in the summer, the total amount of land revenue collected in the provinces of the Delta would not be excessive if it were equitably distributed.

Unfortunately, the incidence of assessment is very irregular, being oppressively high on some lands and ridiculously low on others.

The causes of this irregularity are principally the following:—

1. The general inaccuracy of the areas as entered in the collectors' registers.
2. The imperfect manner in which the classification of the land was made.

Inaccurate Areas.—The survey which is the basis of the present revenue settlement was commenced about the year 1851. At the beginning an effort was apparently made to carry out the work in a scientific manner, but this was soon abandoned, and the only instrument used for measuring the fields was a cane or rod, the length of which was supposed to be invariably 3.55 metres.

It is well known, however, that the length of the rods varied in every province, and the size of the feddans varies accordingly.

The following figures taken from the registers prepared by the present Cadastral Survey in the district of Samanoud show to what extent careless and fraudulent surveying has affected the assessment:—

Out of a total of 5,796 proprietors, in 61 villages, 1,703 were found to be cultivating 7,820 feddans more than they pay for; 1,051 individuals pay for 6,520 feddans they do not possess. In 12 cases only were the areas entered in the registers found to correspond exactly with the areas actually cultivated by the proprietors.

The following extract from a village register shows more clearly how these inaccuracies affect the incidence of the assessment:—

Proprietor.	Area by old Register.	Assessment.	Average per Feddan.	Real Area.	Real Average per Feddan.	
	P. K. S.	P. T.	P. T.	P. K. S.	P. T.	
A	50 21 0	8,281	163	59 7 17	136	Kharadji
B	34 21 8	5,680	163	55 19 9	101	
C	60 23 12	2,798	46	56 11 21	49	
D	79 1 12	12,872	163	77 17 5	165	
E	53 19 16	8,702	163	55 21 11	156	
F	45 8 4	7,384	163	57 10 11	128	
G	60 23 12	7,997	131	57 3 4	139	
H	93 12 8	14,573	156	91 3 4	159	
I	72 17 20	11,845	163	71 15 5	165	
J	95 11 4	8,230	86	89 13 11	91	Ouchouri.
K	63 2 4	6,056	96	59 17 19	101	
L	97 13 8	8,329	85	92 5 13	90	
M	110 12 0	10,672	97	98 11 19	108	
N	95 12 0	8,283	86	90 10 20	91	
O	91 20 12	8,378	91	84 1 21	99	

Classification.—The errors arising from false measurement have been intensified by faulty classification.

The latest classification of soils was made in the year 1868. The classification of each province was made by a Commission of Notables, who were elected from each district of the province itself. To this Commission was added a Delegate on the part of Government.

It is notorious that most of the work of classification was based on evidence of the Sheikhs and Omdeks, and on estimates of produce produced by proprietors, and even by members of the Commission.

The work was chiefly done in the offices of the Governors of the provinces (or the Sub-Governors), and the estimates and evidence were rarely submitted to any verification or examination in the field.

The result is that, either through ignorance of actual circumstances or from interested motives, villages perfectly capable of paying a high rate have in many cases been under-assessed, whilst less favourably circumstanced villages have been over-assessed. In many cases whole villages have been assessed at a uniform rate throughout, without regard to quality of soil or facilities for irrigation.

In some of the poorer districts—notably in the outlying villages of Charkieh, Dakalieh, Gharbieh, and Behera—the pressure of unequal assessment has been so much felt that, since the year 1880, very nearly 30,000 feddans of land have been abandoned by the proprietors, and the assessment written off.

Upper Egypt.

In Upper Egypt the incidence of assessment is not so irregular as in the Delta, but it is heavy in proportion to the produce of the soil.

Owing to the absence of canals for summer irrigation, only one crop can be raised every year in the Provinces of Esna, Kena, and Girgeh. In Assiout, Minieh, and Beni-Souef the Ibrahimieh Canal irrigates a portion of each of these provinces on the left bank of the river, but the villages on the right bank are in the same condition as regards summer crops as the three upper provinces.

It will be seen from the statement given on the first page of this Memorandum that the average rate of assessment on the land in Upper Egypt amounts to 100 piastres per feddan, against 111 piastres in Lower Egypt.

It is true that the cost of cultivation is less in Upper Egypt than in Lower Egypt, but on the other hand the value of the produce is also less, and as little or no cotton is grown there, the cost of carriage is greater.

If, therefore, P. T. 111 is accepted as a fair average rate of assessment in Lower Egypt, where two crops per annum can be grown, and markets are within easy reach, it is evident that an average of 100 piastres in Upper Egypt is too high.

In time, when the improvements in irrigation that are now under consideration have been effected, Upper Egypt should be able to pay the present assessment without difficulty, but until then a reduction is necessary.

(Signed) J. GIBSON,
Director-General of Surveys.

No. 183.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 130.)

My Lord,

Cairo, February 9, 1885.

I HAVE the honour to inclose an interesting Memorandum which Mr. Gibson has written for me on the condition of the fellahen in Egypt.

Mr. Gibson has travelled a great deal about in the provinces. He is therefore well qualified to express an opinion on this subject.

Your Lordship will observe that Mr. Gibson is of opinion that although certain improvements have been made in the system of collecting taxes, although water is fairly distributed, and the levy of labourers for the corvée is carefully controlled, at the same time the peasant population has suffered losses that more than counterbalance the advantages gained.

These losses are due to the following causes:—

1. The Soudan war and the cholera.
2. The bovine typhus.
3. The fall in the value of produce.
4. The general stagnation of trade and the diminution in the value of landed property.

The cholera, the bovine typhus, and the fall in the value of produce are all matters which, to a greater or less degree, are beyond the control of the Government. The losses which Egypt has sustained in the Soudan are an additional reason for abandoning the attempt to govern that country through the direct agency of the Egyptian Government.

As regards the stagnation in trade, it may confidently be hoped that, when once the financial situation is settled and the indemnities are paid, trade will revive.

I have, &c.

(Signed) E. BARING.

Inclosure in No. 183.

Memorandum by Mr. Gibson respecting the Condition of the Fellahen.

ALTHOUGH the suspension of credit caused by the unsettled state of the country has to a great extent prevented the peasant-proprietors from contracting new debts, it cannot be said that their condition has been improved in other respects.

It is true that certain improvements have been made in the system of collecting taxes; that water is fairly distributed, and that the levy of labourers for the corvée is carefully controlled; but, on the other hand, the peasant population has suffered losses that more than counterbalance the advantages gained.

Since 1882, a very large number of able-bodied men has been lost to the country through the Soudan war and the cholera. The exact figures cannot be given, but it cannot be far short of 50,000 men.

In 1883, thousands of cattle perished by the plague of bovine typhus.

In 1884, the price of all kinds of produce fell considerably.

If to this is added the loss of wages caused by the general stagnation of trade throughout the country, and the diminution by nearly one-half in the value of landed property as a security for raising money for agricultural purposes, it is evident that the condition of the fellahen is even worse than it was two years ago.

It is true that the revenue of last year (1884) has been collected as usual, and that creditors have even succeeded in recovering debts contracted before the war of 1882; but this must not be accepted as evidence of a state of prosperity equal to that of former years.

Considerable pressure has been required to collect the instalments, and a good deal of land has been sold to provide means of meeting the claims of Government and of paying interest on private debts.

This state of things cannot last, and unless prices improve, or relief be obtained in some other shape, the lands of the small proprietors must inevitably pass into the hands of the wealthier classes of proprietors, and the original possessor sink to the position of a daily labourer.

(Signed) J. GIBSON,
Director-General of Surveys.

Cairo, February 9, 1885.

Sir E. Baring to Earl Granville.—(Received February 17.)

(No. 131.)

My Lord,

Cairo, February 9, 1885.

I HAVE the honour to forward a Memorandum by Mr. Vincent, showing the financial results of the year 1884, so far as revenue is concerned. The whole of the expenditure has not yet been brought to account; Mr. Vincent has therefore, for the present, confined his observations to the revenue side of the account.

The Tables to which Mr. Vincent alludes in this Memorandum were forwarded with my despatch No. 81 of the 26th January, 1885.

The total receipts for the year 1884 amounted to £ E. 9,070,000. Of this amount, however, £ E. 65,000 is only nominal, being due to collections having been made in kind, and to produce having been credited to the tax-payers at rates in excess of the market rates.

The Railway receipts were also swelled to the extent of £ E. 90,000 by reason of the movement of troops to the Soudan.

A further abnormal receipt of £ E. 20,000 appears under the head of Railways, on account of "Sales of old material."

On the other hand, the Daira and Domains deficits have been covered to the extent of £ E. 263,000 by leaving taxes unpaid. It will be more convenient to credit the Government with these sums on the revenue side of the account, and allow the whole of the two deficits to appear as expenditure on the expenditure side of the account.

If these corrections are made, the following result is obtained:—

					£ E.
Revenue, as stated above	..	..	..	..	9,070,000
Deduct—					£ E.
On account of collections in kind	..	..	..	..	65,000
Army movements on railways	..	..	..	..	90,000
Sales of old railway material	..	..	..	..	20,000
Total deductions	..	..	..	..	175,000
					8,895,000
Add—					
Unpaid taxes of Domains and Daira	..	..	..	..	263,000
Total	..	..	..	..	9,158,000

This result is satisfactory. In considering the normal revenue, however, it is to be borne in mind—

1. That the wheat and cotton crops were exceptionally good.
2. That the Telegraph receipts have been considerably increased by the Soudan expedition.
3. That the movement of British troops through Upper Egypt has thrown a considerable amount of money into that portion of the country, and has facilitated the collection of taxes.
4. That arrears of land tax have been very stringently collected from the large landed proprietors.

All these causes are of a temporary or accidental nature.

On the whole, I see nothing in these figures to modify the opinion I have frequently expressed before to the effect that the normal Egyptian revenue may be taken at about £ E. 9,000,000. On the other hand, I am inclined to think that the margin of £ E. 200,000 between revenue and expenditure, which is the figure I mentioned in my despatch No. 1190 of the 29th December, 1884, may perhaps be slightly higher than is absolutely necessary for safety.

I have, &c.
(Signed) E. BARING.

Note to accompany the Revenue Statement for December 1884, by Mr. Edgar Vincent, Financial Adviser to the Government of His Highness the Khedive.

THE accompanying Tables give in detail the revenue and the expenditure of the Egyptian Government during 1884.

The Tables on pp. 3 and 4 compares the results realized with the sums set down in the Budget.

The Table on p. 5 compares the revenue and the expenditure of 1884 with those of 1881-82 and 1883.*

Before considering the details of these statements it should be stated that the sums set down for 1884 are not final figures, but only the approximate results, many of them received by telegraph; they are consequently subject to correction. On the expenditure side this is more particularly the case, as certain sums have been spent and not yet debited to the proper Budget heads. I propose, therefore, only to comment on the revenue in the present Memorandum, postponing an analysis of the expenditure until the final figures have been received.

					£ E.
The total receipts for 1884 amounted to	..	..	..	..	9,070,000
As against a Budget estimate of	..	..	..	..	9,114,000
Showing a deficiency of	..	..	..	..	44,000

In the figure of £ E. 9,114,000, £ E. 100,000 were included for new taxes on foreigners, which it has been found impossible, under present political circumstances, to apply. A Decree regarding the house tax was promulgated, but the provisions it contained as to the election of representative tax-payers to aid in the assessment of the tax proved to be unworkable; candidates could neither be found for election nor householders to vote: it has therefore been found necessary to reapply the old tax until a more workable law may be accepted by the Powers. The negotiations regarding the stamp tax, the license tax, and the tax on carriages have not yet been brought to a successful conclusion. No revenue has therefore been derived from these sources.

If the sum of £ E. 100,000 is deducted from the £ E. 9,114,000, we have £ E. 9,014,000. The revenue realized consequently shows a surplus over estimates of £ E. 56,000. The revenues which show the most satisfactory results are: the Custom-house, with an increase of £ E. 64,000; and the Railways, with an increase of £ E. 211,000. On the other hand, the Direct Contributions have only given a revenue of £ E. 5,112,000 against a Budget estimate of £ E. 5,566,000.

DIRECT CONTRIBUTIONS.

	Actuals, 1883.	Budget, 1884.	Actuals, 1884.
	£ E.	£ E.	£ E.
Land tax	5,090,031	5,202,675	4,787,135
Other taxes on land, and other direct contributions	367,790	363,528	325,663
Total	5,457,821	5,566,203	5,112,798

We find that the receipts realized under the head of Direct Contributions amounted to £ E. 5,112,000 as compared with a Budget estimate of £ E. 5,566,000.

From the above figure of £ E. 5,112,000 should be deducted £ E. 65,000 on account of the cost of receiving taxes in kind. With a view to facilitate the payment of taxes by the fellahen in Upper Egypt it was decided, in May last, to permit the payment of land tax in cereals instead of money. These cereals were accepted at a price superior to that prevailing at Alexandria. The measure constituted a practical reduction of taxation; its cost is estimated to amount to about £ E. 65,000, and would have attained a far larger figure had the Egyptian Government not been singularly fortunate in the sale of the produce received.

Deducting £ E. 65,000 from £ E. 5,112,000 we obtain a net result of £ E. 5,047,000,

* The revenue includes receipts from the 1st January to the 31st December of each year, irrespective of Budgetary years. The expenditure includes both ordinary and extraordinary expenditure.

which, deducted from the Budget estimate of £ E. 5,566,000, leaves a deficiency of £ E. 519,000; of this sum £ E. 263,000 are due to non-payment of taxes by the Domains and Daïra estates on account of 1884. This leaves a deficiency on collections from other tax-payers of only £ E. 256,000. Such a result, under the circumstances which now affect agriculture in Egypt, must be considered as most favourable. The crops have, owing in a great measure to the success of Colonel Scott Moncrieff's irrigation works, been exceptionally large; but, on the other hand, the prices of Egyptian cotton, wheat, and beans have fallen very considerably since the beginning of the year. The following figures prove the correctness of this statement:—

RECEIPTS AT MINET-EL-BASSAL.

			Cotton, Sept. 1 to Dec. 29.	Cotton-seed, Sept. 1 to Dec. 29.	Wheat, April 1 to Dec. 29.	Beans, April 1 to Dec. 29.
			Cantars.	Bags.	Ardebs.	Ardebs.
1880	..	..	1,674,800	1,008,160	714,750	653,600
1881	..	..	2,024,160	1,242,700	473,300	178,430
1882	..	..	1,517,990	902,500	120,420	507,540
1883	..	..	2,029,950	1,272,000	663,390	841,530
1884	..	..	2,276,530	1,364,200	162,840	968,840

It will be seen that in 1884 a larger area was planted with beans owing to the prices of wheat having fallen more considerably than that of beans.

The prices of Egyptian produce during the last five years have been:—

Dec. 31—	Cotton (good fair).		Cotton-seed.		Saïde Wheat.		Saïde Beans.	
	Alexandria, per cantar.	F. o. b., per lb.	Alexandria, per ardeb.	F. o. b., per ton of 20 cwt.	Alexandria, per ardeb.	F. o. b., per quarter of 480 lbs.	Alexandria, per ardeb.	F. o. b., per quarter of 480 lbs.
	Dollars.	d.	P. T.	£ s. d.	P. T.	£ s. d.	P. T.	£ s. d.
1880	14 $\frac{1}{4}$	8 $\frac{1}{2}$	72	6 15 0	109	37 3	102	34 3
1881	12 $\frac{3}{4}$ to 13	7 $\frac{1}{2}$	65	6 6 3	120 to 125	40 0	96	32 6
1882	11 $\frac{3}{8}$	8	63	6 2 6	90	31 0	85	29 6
1883	12 $\frac{1}{2}$ to 12 $\frac{5}{8}$	7	72	6 12 6	74	27 0	85	29 3
1884	11 $\frac{1}{2}$	6 $\frac{1}{2}$	68	6 7 6	72	25 6	73	24 0

It should be stated that the price of wheat in Alexandria in December 1881 was abnormally high, owing to a local corner. A certain disproportion will be noticed between the Alexandria and free-on-board quotations. This is owing to frequent changes in the Alexandria terms of selling. An attempt has, however, been made to reduce the quotations to one common denomination, viz., the terms and conditions ruling at Minet-el-Bassal to-day for produce of average quality.

It will be observed that the fall in the Alexandria prices since December 1880 has been equal to:—

								Per cent.
Cotton	..	..	..	..	..	..	..	22
Cotton-seed	..	..	..	..	..	..	..	5 $\frac{1}{2}$
Wheat	..	..	..	..	..	..	..	34
Beans	..	..	..	..	..	..	..	29

I think that a considerable sum must be set down to the collections of arrears of taxation due on 1883 and 1882. In the course of the year the Ministry of Finance has issued most stringent orders that all proprietors should be forced to pay their land tax, or in default to be prosecuted. In this way several large proprietors who had previously escaped were compelled to pay the amounts due for 1884 and the arrears. No figures have yet been received which shew the precise amount by which the indebtedness of the large proprietors and of foreigners has diminished during 1884, and the above must only be considered as a statement of opinion.

The impartiality with which the land tax has been demanded from both large and small has produced an excellent effect, and has done much to correct the unjust views regarding immunity from taxation which some of the more powerful Pashas thought themselves entitled to enjoy.

A further allowance should be made on account of the expedition in Upper Egypt. Large sums have been expended by the military authorities on account of transport, of labour, and of provisions; the money thus received has undoubtedly facilitated the payment of taxes in all the provinces of Upper Egypt south of Siout.

A careful consideration of the above facts impresses one with the necessity of great caution in framing land revenue estimates for the future. The figure adopted by Lord Northbrook, £ E. 4,811,500, may, I think, be obtained in good and average years, but if this figure is maintained in the normal Budget, a margin of at least £ E. 200,000 between revenue and expenditure must be left in the Budget to provide against the possibility of short crops or of a further fall in prices.

The diminution in the revenue from other direct taxes is due to the circumstances already explained in connection with the house tax.

INDIRECT CONTRIBUTIONS.

				Actuals, 1883.	Budget, 1884.	Actuals, 1884.
				£ E.	£ E.	£ E.
Justice	..	..	..	312,000	300,000	286,000
Customs	..	..	..	756,000	731,000	796,000
Post Office	..	..	..	102,000	92,000	104,000
Octrois	..	..	..	279,000	287,000	292,000
Salt	..	..	..	206,000	207,000	211,000
Other Indirect Contributions	..	..	..	325,000	350,000	321,000

The results given by the Indirect Contributions in 1884 are fairly satisfactory.

The shortcomings in the receipts of justice were due to:

1. Smaller receipts than were anticipated from the native Tribunals.

2. A diminution in the fees received on mortgages, &c., the number of these operations having been less in 1884 than in 1883, owing to the unwillingness of banks to lend money in Egypt.

The increase in the Customs revenue is entirely due to the new commercial Treaties, which have produced results exceeding the most sanguine expectation. The sum collected on Greek tobacco alone during nine months amounted to £ E. 54,000. Before the Treaty with Greece was signed Greek tobacco was legally excluded from Egypt, and was only introduced by smugglers, the magnitude of whose operations may be estimated from the above figures. The diminution in the amount of tobacco imported from Turkey has been inconsiderable. It may be said, therefore, that the whole of this increase of the tobacco revenue has been derived from the suppression of contraband.

The increase in the Post Office receipts is due to:

1. An increase in the amount of ordinary correspondence.

2. Receipts from the Expeditionary Force on the Nile.

Octrois and salt continued in 1884 the satisfactory progress which previous years have shown. A further development may reasonably be expected from the measures of inspection about to be taken.

The falling off in the other indirect revenues is due to a diminution in the receipts from stamps and in the receipts from navigation dues; the former being £ E. 2,400 less than in 1883 and £ E. 1,800 less than the Budget estimate; the latter being £ E. 14,600 less than in 1883 and £ E. 14,000 less than the Budget estimate. The decrease in the first case may be attributed to the same cause as the falling off in the receipts from justice. The diminution in the navigation dues, notwithstanding the large crops in Upper Egypt, which might reasonably have been expected to increase the amount of traffic on the river, is due to a large portion of the cereal crop having been paid to the Government in lieu of taxes, and to its having been transported by rail instead of by boat. Part of the increase observable under Railways is due to this cause.

RAILWAYS, TELEGRAPHS, AND ALEXANDRIA HARBOUR.

	Actuals, 1883.	Budget, 1884.	Actuals, 1884.
	£ E.	£ E.	£ E.
Railways	1,213,000	1,192,000	1,404,000
Telegraphs	67,000	45,000	42,000
Alexandria Harbour	73,000	65,000	83,000
Hélouan Railway	10,000	7,000	7,000

The increase of £ E. 210,000 over Budget estimates in the Railway receipts may be explained as follows:—

	£ E.
Army movements	90,000
Government and Daira transports	70,000
Sales of old material	20,000
Increase in commercial transports	30,000
Total	210,000

It will be seen that these sources of increase are mainly of a temporary character. Care must be taken to make proper deductions on their account in estimates for the future.

The large receipts in the Telegraphs for 1883 were due to abnormal causes, the receipts in 1881 and 1882 having been £ E. 40,000 and £ E. 44,000. In 1884 a considerable diminution has been effected in the telegraphing of Government offices. On the other hand, a large revenue has been realized on account of military telegraphs.

The increase in the receipts of the harbour of Alexandria is due to an increase in the amount of shipping entering this port.

OTHER REVENUES.

	Actuals, 1883.	Budget, 1884.	Actuals, 1884.
	£ E.	£ E.	£ E.
Khedivial steamers	131,000	103,000	125,000
Revenues of other Administrations	98,000	91,000	98,000
Rent of Government property	80,000	77,000	74,000
Miscellaneous receipts	120,000	45,000	62,000
Repayment of advances to cultivators	17,000	165	207
Contributions to Pension Fund	64,000	53,000	52,000

The large increase shown under Khedivial steamers is in part due to the military operations in the Eastern Soudan. A satisfactory increase has, however, been given by the Mediterranean service; the system of paying Agents by commission having proved successful.

The only other head which calls for remark is the deduction on account of Pensions, the decrease in which is due to recent reductions of staff.

Miscellaneous receipts are of an occasional nature, and necessarily vary considerably from year to year.

(Signed) EDGAR VINCENT.

February 9, 1885.

No. 185.

M. de Staal to Earl Granville.—(Received February 17.)

E

M. le Comte,

Londres, le 17 Février, 1885.

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser sous la date d'hier, et me félicite de me trouver entièrement d'accord avec elle quant aux différents points relevés dans cette pièce.

L'emprunt à contracter est en effet indivisible. Il ne saurait dès lors être question pour les Gouvernements Garants ni d'une avance, ni même d'une garantie du capital.

Il s'agit uniquement des intérêts. Or, sur ce point, le Gouvernement Impérial en s'associant à la garantie conjointe et solidaire des Puissances, a tenu à formuler quelques réserves. Elles ont en vue le cas où la garantie deviendrait effective. Dans cette éventualité la Russie entend que, quoiqu'il arrive, sa responsabilité ne puisse pas dépasser la sixième part des intérêts de l'emprunt intégral.

Pour plus de clarté je me permettrai de reproduire ici, sauf quelques légères modifications éventuelles de rédaction, la formule même de ces réserves, telle que j'en demanderai l'insertion dans le texte de la Convention à conclure. Elles seraient conçues ainsi:—

“Le Plénipotentiaire de Russie fait au nom de son Gouvernement la déclaration suivante:—

“1. Si, par la suite, la garantie stipulée à l'Article de la présente Convention devenait effective, il est bien entendu que dans les comptes à faire entre les Puissances Garantes, la part incombant à la Russie ne pourra en aucun cas dépasser la sixième partie de l'intérêt garanti.

“2. Si l'une des Puissances se trouvait dans le cas de renoncer à sa part de garantie, la Russie aurait le même droit.”

J'ai, &c.
(Signed) STAAL.

No. 186.

Earl Granville to Sir E. Malet.

(No. 109.)

Sir,

Foreign Office, February 17, 1885.

I LEARN from Her Majesty's Agent and Consul-General at Cairo that it would be a great advantage to the Egyptian Government if the adherence of Germany could be obtained to the new Egyptian Custom-house Regulations. These Regulations have been accepted by Italy, Greece, the United States, and this country, and their introduction has already had a beneficial effect on the revenues.

I have to request your Excellency to make a representation to the German Government in this sense, and to express the earnest hope of Her Majesty's Government that Egyptian commercial legislation may receive the support of Germany.

I am, &c.
(Signed) GRANVILLE.

No. 187.

Earl Granville to Sir A. Paget.

E
(No. 62.)

Sir,

Foreign Office, February 17, 1885.

I HAVE informed the Austro-Hungarian Ambassador and the Representatives of the other Powers of the reservation made by the Russian Ambassador with regard to the guarantee of the new Egyptian Loan, and of my reply, as stated in the despatch to Sir E. Thornton, and the note to M. de Staal, of which copies are inclosed herewith.*

Count Károlyi has stated to me that the Austro-Hungarian Government look upon the reservation as unnecessary, but harmless, and do not object to it.

I am, &c.
(Signed) GRANVILLE.

No. 188.

Earl Granville to Sir E. Baring.

(No. 56.)
(Telegraphic.)

Foreign Office, February 17, 1885, 7.5 P.M.

GERMAN Government have nominated Baron Richthofen, of the German Foreign Office, as their Commissioner on the Caisse.

No. 189.

Earl Granville to Sir J. S. Lumley.

(No. 67.)

Sir,

Foreign Office, February 18, 1885.

THE Italian Ambassador informed me to-day that he had received a telegram from M. Mancini stating that he had no objection in principle to the proposed Convention for the settlement of the Egyptian finances, reserving the definitive assent of the Italian Government until he has been able to examine the text of the document which would reach him to-morrow.

M. Mancini has also no objection to the reservation made by the Russian Government with regard to the guarantee of the new loan, which he accepts in the same sense in which it is accepted by Her Majesty's Government provided the other Powers concur.

I am, &c.
(Signed) GRANVILLE.

No. 190.

Earl Granville to M. de Staal.

M. l'Ambassadeur,

Foreign Office, February 18, 1885.

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 17th instant relative to the reservations which the Russian Government desire to make before joining in the international guarantee of the new Egyptian Loan.

Your Excellency proposes that, for the sake of clearness, a declaration to the following effect should be inserted in the Convention which is about to be concluded on the subject:—

1. If it should eventually happen that the guarantee provided for in Article of the present Convention should take effect, it is understood that in the accounts to be settled between the Guaranteeing Powers the share falling to Russia shall in no case exceed the sixth part of the interest guaranteed.

2. If one of the Powers were to withdraw from her share of the guarantee, Russia shall have a right to do the same.

I beg leave to inform your Excellency that Her Majesty's Government have no objection, as far as they are concerned, to the introduction of the first part of this declaration; but they regret to be unable under any circumstances to give their sanction to the second reservation, as they cannot contemplate at the time of entering into such an arrangement, the contingency of any of the Great Powers failing to meet their obligations.

I have, &c.
(Signed) GRANVILLE.

No. 191.

Earl Granville to Sir E. Malet.

(No. 115.)

Sir,

Foreign Office, February 19, 1885.

THE German Ambassador called at this Office on the 16th instant to inform me that the German Government have nominated Baron Richthofen, of the Foreign Office at Berlin, as their Commissioner on the Caisse de la Dette in Egypt.

I am, &c.
(Signed) GRANVILLE.

No. 192.

Earl Granville to Musurus Pasha.

M. l'Ambassadeur,

Foreign Office, February 19, 1885.

I HAD the honour to receive from your Excellency on the 10th instant a Memorandum relative to the claim of the Porte to be represented on the Egyptian

Caisse de la Dette. The Memorandum states that this right is claimed by Turkey not only on the ground of the other Great Powers being represented, but also because it is specially necessary for her as the Suzerain Power to be made acquainted with the financial situation in Egypt, and watch over the interests of its Treasury, and because a large number of Ottoman subjects are holders of Egyptian stock.

I beg leave to point out to your Excellency that the addition of a Turkish Commissioner to the Caisse will alter its constitution in respect of nationality, the intention of the ex-Khedive having been, as shown by the Decree of the 2nd May, 1876, to appoint to its management foreign Commissioners who were to hold the position of Egyptian officials. The Decree thus excludes any subjects of the Sultan, whether Turkish or Egyptian, from serving as Commissioners, and as the institution of the Caisse was adopted by the Law of Liquidation, as part of the machinery for carrying out the international arrangements arrived at in 1880, any modification of the terms of the Decree by which it was established would, as it seems to Her Majesty's Government, require the assent of the Powers.

I need not remind your Excellency that the present Commissioners merely represent the interests of their countrymen, and are not under the control of their respective Governments.

The question of increased expense to the Egyptian Exchequer entailed by further additions to the Caisse is, in the opinion of Her Majesty's Government, a serious consideration in the present condition of the finances; but if this difficulty can be got over, and if no objection is raised by the other Powers, whose assent, as I have before stated, would appear to be necessary, Her Majesty's Government have no desire to take the initiative in opposing the wish of the Porte.

I have, &c.
(Signed) GRANVILLE.

No. 193.

Sir E. Baring to Earl Granville.—(Received February 19.)

(No. 94.)

(Telegraphic.)

Cairo, February 19, 1885.

COURT of Appeal has postponed action brought by Caisse against Egyptian Government till 4th March.

No. 194.

M. de Staal to Earl Granville.—(Received February 21.)

E

M. le Comte,

Londres, le 20 Février, 1885.

LA note que votre Excellence m'a fait l'honneur de m'adresser en date du 18 Février relativement aux réserves à insérer dans la Convention pour l'Emprunt Égyptien m'est exactement parvenu hier au soir.

Cette communications sert de réponse à ma note du 17 courant sur le même sujet.

Elle m'informe (1) que le Gouvernement de Sa Majesté Britannique n'élève pas d'objections contre la première de nos réserves ayant trait à la quote-part de responsabilité incombant au Gouvernement Impérial du fait de la garantie commune offerte par les Puissances.

Elle constate (2) l'impossibilité où se trouve le Gouvernement de Sa Majesté la Reine d'adhérer à la seconde réserve mentionnée dans ma note et revendiquant pour mon Gouvernement le droit de renoncer à la garantie consentie du moment où l'une des autres Puissances se trouverait dans le même cas.

En vertu de directions récemment reçues de St.-Petersbourg je m'empresse de porter à la connaissance de votre Excellence que le Gouvernement de l'Empereur n'insiste pas sur l'insertion de cette clause dans la Convention. Il se réserve de la formuler dans une autre voie, soit par note, soit dans l'instrument de ratification.

En même temps je crois devoir ajouter à titre d'explication rétrospective qu'en émettant la réserve en question le Cabinet Impérial ne pouvait aucunement avoir en vue la répudiation spontanée par l'une des Puissances d'un engagement contracté mais uniquement des nécessités indépendantes de sa volonté. Un cas paret se pré-

semblerait, par exemple, pour les Gouvernements Parlementaires par suite du refus de la Représentation Nationale de ratifier par son vote la garantie en question.

J'ai, &c.
(Signé) STAAL.

No. 195.

Sir E. Baring to Earl Granville.—(Received February 21, 12:25 P.M.)

(No. 97.)

(Telegraphic.)

Cairo, February 21, 1885, 11:23 A.M.

PORTE has asked Egyptian Government to send Law of Liquidation "by telegraph" or by post, in order that they may judge of certain questions connected with that Law now being discussed by your Lordship and the Turkish Ambassador.

No. 196.

Sir E. Baring to Earl Granville.—(Received February 21, 12:50 P.M.)

(No. 98.)

(Telegraphic.)

Cairo, February 21, 1885, 12:25 P.M.

PORTE has telegraphed to Khedive stating that German Government has complained of "categorical refusal" of the Egyptian Government to nominate German and Russian Commissioners of the Debt, and giving peremptory orders to the Khedive to nominate them.

It is questionable whether the Sultan has, under existing Firmans, any right to give such order, but the Egyptian Government has not, in its reply, dwelt on this point, but has merely explained the present situation of the question.

No. 197.

E

Sir E. Baring to Earl Granville.—(Received February 24.)

(No. 150.)

My Lord,

Cairo, February 14, 1885.

With reference to my despatch No. 134 of the 10th instant, on the subject of the appointment of Russian and German Commissioners of the Public Debt, I have the honour to inclose herewith copy of a note which the Egyptian Government has addressed to the Representatives of those two Powers announcing that, the European Powers having now come to an agreement on the subject, a Decree would be submitted to the Khedive naming these Commissioners as soon as the Governments of Russia and Germany should communicate to the Egyptian Government the names of the persons chosen for this office.

At the same time the Egyptian Government announces its intention of reducing the salaries of the Commissioners of the Debt from 3,000*l.* to 2,000*l.* per annum.

I have also the honour to inclose copy of a note addressed by the Egyptian Government to the Consuls-General of France and Austria, who had supported the demand of Germany and Russia, informing them of the accession of the Khedive's Government to the demand, and warning them of the proposed reduction of the salaries of the existing Commissioners to 2,000*l.* a-year as soon as their present contracts shall have expired.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 197.

Nubar Pasha to the Representatives of Russia and Germany.

M. l'Agent et Consul-Général,

Caire, le 11 Février, 1885.

PAR dépêche en date du 2 Décembre dernier et en réponse à la communication que vous avez bien voulu m'adresser le 11 du même mois, j'ai eu l'honneur de vous annoncer que le Gouvernement de Son Altesse s'empresserait de pourvoir à la

No. 196*.

Sir E. Baring to Earl Granville.—(Received by telegraph, February 21.)

(No. 168. Ext. 98.)

My Lord,

Cairo, February 21, 1885.

I HAVE the honour to inclose a translation of a telegram from the Porte to the Khedive, stating that the German Government has complained of the "categorical refusal" of the Egyptian Government to appoint German and Russian Commissioners of the Debt, and giving a peremptory order to His Highness to nominate them.

The right of the Sultan under the existing Firmans to give such an order is questionable, but the Egyptian Government has not in its reply dwelt on this point, but has merely explained the present situation of the question.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 196*.

The Grand Vizier to the Khedive.

(Traduit du Turc.)

(Télégraphique.)

Le 19 Février, 1885.

LE Gouvernement Allemand, à la suite du refus catégorique opposé par votre Altesse à sa proposition, ainsi qu'à celle du Gouvernement Russe relative à l'admission de deux Commissaires Allemand et Russe à la Caisse de la Dette, s'est vivement plaint auprès du Gouvernement Impérial Ottoman, en demandant leur admission.

La décision du Conseil des Ministres étant de pourvoir aux frais requises en vue de l'admission des fonctionnaires des dits Gouvernements et de constituer la Commission du Contrôle pour la dette susénoncée, nous la portons à votre connaissance sur l'autorisation de Sa Majesté Impériale.

nomination d'un Commissaire Russe (Allemand) à la Caisse de la Dette, dès qu'une entente serait établie, à ce sujet, entre les Puissances qui ont pris part à la promulgation de la Loi de Liquidation.

A cette occasion, je vous faisais part des notifications favorables qui nous étaient parvenues à cet égard des Cabinets de Paris et de Vienne, et je suis actuellement à même de vous annoncer que le Gouvernement Britannique a également donné son assentiment, et que le Gouvernement Italien a retiré les réserves indiquées dans ma dépêche précitée.

Ainsi, M. l'Agent et Consul-Général, aussitôt que vous m'aurez fait connaître le nom de la personne qu'il plaira au Gouvernement de Sa Majesté l'Empereur d'indiquer pour remplir les fonctions de Commissaire Russe (Allemand) près la Caisse de la Dette, le Gouvernement Égyptien s'empressera de soumettre à Son Altesse le Khédive un Décret nommant ce fonctionnaire.

Seulement, et ainsi que j'ai eu l'honneur, M. l'Agent et Consul-Général, de vous le faire remarquer verbalement, la situation du Trésor Égyptien ne permet pas de conserver à MM. les Commissaires dont le nombre va se trouver augmenté, le traitement actuel de 3,000l. Le Gouvernement de Son Altesse a pensé devoir le réduire à 2,000l., ce chiffre deviendra, d'ailleurs, uniforme pour tous les Commissaires à l'expiration des contrats actuellement existants.

J'ose espérer, M. l'Agent et Consul-Général, que vous apprécierez l'opportunité de cette mesure d'économie, et je saisis, &c.

(Signé) NUBAR.

Inclosure 2 in No. 197.

Nubar Pasha to the Consuls-General of France and Austria-Hungary.

M. le Ministre,

Caire, le Février, 1885.

VOUS avez bien voulu, par dépêche en date du 11 Décembre, m'annoncer que vous aviez reçu pour instructions d'appuyer auprès du Gouvernement de Son Altesse la demande des Cabinets de Berlin et de St.-Petersbourg tendant à obtenir l'adjonction de Commissaires Allemand et Russe près la Caisse de la Dette.

A ce sujet, je m'empresse de porter à votre connaissance que les Puissances qui ont pris part à la promulgation de la Loi de Liquidation étant d'accord sur ce point, Son Altesse de Khédive pourvoira incessamment à la nomination des deux nouveaux Commissaires. Je crois devoir ajouter que le Gouvernement de Son Altesse, préoccupé de ne pas augmenter les charges du Trésor, a pensé devoir réduire à 2,000l. le traitement de MM. les Commissaires de la Caisse; le chiffre actuel de 3,000l. n'étant plus en rapport avec la situation financière du pays, surtout par suite de l'augmentation des deux nouvelles nominations. Il va sans dire que les contrats existants de MM. les Commissaires actuellement en fonctions sont maintenus et ce n'est qu'au fur et à mesure de l'expiration de ces engagements que les traitements des anciens Commissaires seront ramenés au chiffre uniforme de 2,000l.

Je suis persuadé, M. le Ministre, que vous apprécierez l'opportunité de cette mesure d'économie qui, tout en donnant satisfaction à la demande des Gouvernements Allemand et Russe ne constitue pas une nouvelle charge pour le Trésor Égyptien.

Veuillez, &c.

(Signé) NUBAR.

No. 198.

Earl Granville to Mr. Wyndham.

(No. 78.)

Sir,

Foreign Office, February 24, 1885.

THE Turkish Ambassador called at the Foreign Office to-day, and stated, with reference to the application of the Porte to be represented on the Caisse de la Dette in Egypt, that if any objection should be raised to the addition of a Turkish Commissioner on the ground of expense, the Porte would not hesitate to pay the additional cost.

I am, &c.

(Signed) GRANVILLE.

Earl Granville to Sir E. Malet.

(No. 128.)

Sir,

Foreign Office, February 24, 1885.

THE German Ambassador told me to-day that Prince Bismarck thought there were objections to the appointment of a Turkish Commissioner to the Egyptian Caisse de la Dette Publique, as it was, in his opinion, inconsistent with the Sultan's position as Sovereign of the country.

I said that the same objection had struck me, though I had no wish to raise objections to the proposal.

I am, &c.
(Signed) GRANVILLE.

No. 200.

E

Earl Granville to Viscount Lyons.

(No. 182.)

(Extract.)

Foreign Office, February 25, 1885.

THE French Ambassador called upon me this afternoon, and spoke of the progress made in the arrangements for the settlement of the Egyptian financial difficulty.

His Excellency said that Prince Bismarck had objected to the mention by name in the Convention for the new loan of the charge for the English Army of Occupation. The Committee of Experts who were engaged in settling the terms of the several agreements had, however, obviated this difficulty by a change in the wording, which would leave our hands more free.

Some questions had arisen on points of technical detail, which were in reality matters of account. These had, he believed, been satisfactorily settled between Mr. Childers and himself.

The German and Austro-Hungarian Governments had proposed that back interest should be paid on the claims for indemnities, but to this the French Government had positively refused to agree.

No. 201.

E

Earl Granville to Viscount Lyons.

(No. 183.)

(Extract.)

Foreign Office, February 26, 1885.

I TOLD M. Waddington that I had heard a rumour that the suit of the Caisse de la Dette Publique against the Egyptian Government was to be taken up and pressed in the Court of Appeal on the 4th March. I said that this would be a very ungracious proceeding at the present state of the negotiations, and I felt sure that M. Ferry would not wish it to be done.

E

Earl Granville to Mr. Wyndham.

(No. 79 A.)

Sir,

Foreign Office, February 26, 1885.

HASSAN FEHMI PASHA called upon me this afternoon and asked me to explain the exact position of the question with regard to the appointment of a Turkish Commissioner to the Egyptian Caisse de la Dette Publique. His Excellency said he had stated to the Porte that Her Majesty's Government did not object to the proposal. The French Ambassador had told him that there would be no objection on the part of the French Government. If difficulties were made later, his Excellency feared that he might appear to have misled his Government.

I said to him that when the subject was mooted by his Excellency I had mentioned to him objections which had occurred to me, but that he was right in saying that I did not wish to press them.

One of those objections had been the increased expense which such an appointment would entail. This difficulty, however, had been removed by the offer of His Majesty the Sultan to defray the necessary expense himself.

I had, however, heard yesterday from the German Ambassador that Prince Bismarck took objection to the proposal on one of the grounds which I had myself mentioned in conversation with Hassan Fehmi Pasha, viz., that it was hardly compatible with the Sultan's position as Sovereign of the country that His Majesty should have a Representative on the Commission.

I am, &c.
(Signed) GRANVILLE.

No. 203.

Sir E. Baring to Earl Granville.—(Received March 2.)

(No. 178. Confidential.)

My Lord,

Cairo, February 23, 1885.

NOW that there seems every prospect of an agreement being arrived at between the Powers as regards the financial affairs of Egypt, it may be of some use if I submit to your Lordship some observations on the financial policy of the future.

I conceive that the main object to be kept steadily in view now is to adopt such measures as will obviate the necessity of inquiry into the financial situation by means of an International Commission two years hence. The sum that is required in order to enable payment of the full rate of interest on the debt to be resumed is not large. I have, as your Lordship is aware, always maintained that the Egyptian Government could not meet all its liabilities at present. At the same time I have always hoped and believed that all this country, which is possessed of great natural wealth, requires, is breathing time, and a fairly good Government, in order to place its finances in a thoroughly solvent condition. Two years is, no doubt, a short time in which to solve the question. I should have preferred that the period had been longer. At the same time, if the interval of two years be well employed, it is not at all impossible that, with fairly good luck, the Egyptian Government may be able to resume payment of the full rate of interest on the debt at the end of that period. I say with fairly good luck, because the issue must in some degree depend on circumstances over which neither Her Majesty's Government or the Egyptian Government can exercise any control, such, for instance, as the nature of the harvests, which depend on the height of the Nile, and the prices of the staple articles produced in Egypt.

The first point to be considered is whether any increase of revenue is possible.

Without going fully into the details of the various questions which might be discussed in this connection, I propose to state briefly the prospects which, so far as can be at present judged, exist as regards an increase of revenue under a few important heads.

As regards the land tax, it is worthy of consideration whether an increase of revenue cannot be derived from the lands which will be benefited by the irrigation works about to be taken in hand. Nubar Pasha does not think that any increase of revenue in the aggregate is possible. I have, however, got him to agree to the following principle: that when either by the construction of new canals or the improvement of existing canals, the conditions of agriculture are greatly changed, the

rates heretofore paid upon the lands which are affected shall be subject to revision. What I mean by the conditions of agriculture being greatly changed is that either the expenses of production may be diminished by obviating the necessity of employing private pumps, or the productivity of the soil may be increased by a more plentiful and more constant supply of water.

In spite of Nubar Pasha's opinion, I am not without hope that, by the adoption of this principle, an increase of revenue may be obtained.

It will, I think, be preferable to operate by means of a reassessment of the land tax in the districts affected rather than by the imposition of a water rate, as the adoption of the latter principle would be a novelty in Egypt and would probably not be understood by the people.

The imposition of the house tax on Europeans will increase the revenue. With the changes in the Decree to which, I understand, the French Government has now agreed, there will, I trust, be no practical difficulties in the way of collecting the tax.

As regards the professional tax and the stamp duty, I am inclined to think that the wisest plan will be to propose to the Powers the laws which are already in force at Constantinople. The adoption of this course presents the best hope of obviating long, and possibly fruitless, negotiations.

The professional tax, as it is at present levied, falls hardly on the poor. It has generally been thought that no increase of revenue in the aggregate would be possible under this head, as what was put on to the richer would have to come off the poorer classes. In view, however, of the very great desirability of increasing the revenue, and in view also of the facts that very general relief will be gain to the people by the reductions in the land tax proposed by Lord Northbrook, and by the measures now being taken by Colonel Moncrieff in connection with the corvée, I think that the abolition of this tax, so far as the lower categories of assesses is concerned, may for the present be postponed.

Mr. Vincent is of opinion that an increase of revenue may be derived from raising the duty on tobacco. The question is one of some difficulty, for smuggling has now almost ceased, and it would be very undesirable to take any step which might result in a renewal of the contraband trade. I am, however, inclined to agree with Mr. Vincent, but I have not consulted Mr. Caillard recently on the subject. I hope to do so soon.

Mr. West informs me that when he has reorganized the procedure of the Native Courts, he thinks that the revenue from Court Fees may be increased by about 40,000*l.* or 50,000*l.* a-year. He hopes to be able to bring forward a plan for simplifying and improving the procedure in about two months.

I may mention that I do not anticipate that it will be possible to effect any reduction of expenditure under the head of "Justice." The system at present adopted in the Native Courts is very costly, but any money which can be saved by improving the procedure will be required in order to provide Law Courts for Upper Egypt. Mr. West informs me that he hopes to be able to extend the new Courts to Upper Egypt without any increase of expenditure in the aggregate.

The expenditure of the Mixed Courts might possibly be reduced, but no considerable reduction could, I presume, be effected without negotiations with the Powers, and I am not sanguine that any such negotiations would lead to satisfactory results.

I am hopeful that if arrangements can be made with the French under which the control of one Englishman will be substituted for the present dual Administration of the railways, the net revenue derived from the railways may be considerably increased.

I am not so sanguine as Nubar Pasha that any very immediate consequences in the way of a saving of money will result from the abolition of the dual Administrations of the Domains and Daïra, although I think a change of system in respect to these Administrations is very much to be desired.

Your Lordship will recollect that Lord Northbrook proposed the repeal of the market dues, which yield about 8,000*l.* a-year.

Under present circumstances it will probably be desirable to postpone the execution of this measure, which is in itself an exceedingly desirable reform.

The repeal of the export duties on sugar and cereals, and the partial repeal of the navigation dues, which reforms were also proposed by Lord Northbrook, stand on a different footing. I am inclined to think that these measures had better be carried out at once, as the Egyptian Government may reasonably hope to be indirectly recompensed for the loss of revenue.

But I should like to discuss these matters again with Nubar Pasha and Mr. Vincent before expressing a decided opinion.

I am inclined to think that it will be wise economy to spend a certain sum of money on improved inspection and supervision of some of the Administrations, especially the Octroi.

Such, briefly, are the directions in which it may be hoped that some improvement in the revenue may be expected.

Turning now to the question of expenditure, I have to observe that I do not anticipate that any considerable reduction in the total expenditure of the Egyptian Government will be possible in the next two years, although it may be hoped that during that period something will be done towards reducing the present redundant establishments.

There are, however, three items of expenditure to which I venture to draw your Lordship's special attention, for it appears to me that the question of whether it will be possible to resume payment of the full rate of interest on the debt two years hence depends in a great measure on the sums which are expended under these three heads.

They are:—

1. Pensions.
2. Soudan.
3. Army of Occupation.

As regards the expenditure under "Pensions," all I need say at present is that I trust some arrangement has been made in London which will enable the Egyptian Government to act in this matter without fear of being sued before the Mixed Courts.

The Soudan expenditure involves questions of very great importance. Your Lordship will remember that a sum of 1,000,000*l.* is included in the new loan for the expenses connected with the evacuation of the Soudan. The accounts of the year 1881 will shortly be made up, and I shall then be able to state the precise amount which still remains unspent out of this sum of 1,000,000*l.*

Your Lordship will also remember that a sum of 120,000*l.* a-year is entered in the Egyptian Budget as the annual expenditure on the Soudan.

The present state of affairs is as follows:—

The Berbera and Zeyla expenditure (except the Zeyla tribute to the Porte) has ceased. The evacuation of Harrar is nearly complete; the expenditure on account of Harrar will, therefore, shortly cease. The Massowah expenditure continues; but I trust that, as a consequence of the Italian occupation of that port, the expenditure here also will shortly cease. It is more than a year since anything has been heard of the Gondokoro garrison. It may be that, sooner or later, the Egyptian Government will have to pay for the withdrawal of the garrison from that place, and will have to make good the arrears of pay to the troops. I should not think it probable that any claim will ever be made on behalf of the Bahr-el-Gazelle garrison, of which we have heard nothing for a very long while. Almost the same may be said of the garrison of Darfour. I trust that it may soon be possible to give up Sanheit to the Abyssinians. Considerable money claims are eventually to be anticipated from Amadib, Galabat, and Kassala. The Souakin expenditure of course continues. It is impossible to say at present what claims may not eventually come from Senaar and Khartoum. Any bills which General Gordon drew will of course have to be honoured, and probably claims will be eventually made for back pay which it may be difficult to resist.

I have so far only spoken of the expenses consequent on the withdrawal of the Egyptian troops. Looking to the future, it cannot, I fear, be doubted that, whatever be the political solution eventually adopted, heavy pecuniary claims may not improbably be made on the Egyptian Treasury. Your Lordship will have observed that General Gordon spoke on the 27th November of giving 2,000,000*l.* to the Sultan to establish a Government in the Soudan, or, as an alternative method, he suggested the appointment of an Egyptian Governor-General, with a replenished arsenal, and 500,000*l.* a-year for two years. Without attaching undue importance to the precise accuracy of these figures, it is, I fear, certain that, even after the Mahdi has been defeated, but little revenue will be obtained by the new Ruler of the Soudan, whoever he may be, for the next year or two, and, further, that a heavy expenditure will be required to organize and equip a military force.

In the meanwhile, the current expenditure of the Egyptian Government, in connection with the military operations now in progress, is heavy. The army is above the strength for which provision is made in the Estimates; neither can it be reduced so long as Egyptian troops are required to guard the line of communications.

This is a very serious state of things. I do not know that anything can at present be done to remedy it, but I think I ought to draw your Lordship's attention to the subject, as I very much fear that all the endeavours that can be made here to resume full payment of interest on the debt two years hence will be wrecked by the expenditure in the Soudan. If once that expenditure exceeds by any considerable amount the sums for which provision is made in the new loan and in the Budget, the assembly of an International Commission two years hence to discuss the financial situation will, I fear, become unavoidable.

I turn now to the question of the expenditure on the Army of Occupation, which is also very important.

As regards the expenditure for the calendar year 1884, the approximate accounts sent by the Paymaster to the Egyptian Government show that, at the rate of 1*l.* per month per man, a sum of 373,000*l.* is claimed, of this, 91,000*l.* has been paid, leaving 279,000*l.* due. This calculation is based on the numbers of men present in Egypt on the first of every month. It will be seen that the average numbers of men is $(\frac{373,000}{48})$ 7,770. I do not think, however, it can be fairly said that so many men as this have been, on an average, really present in Egypt proper, as part of the Army of Occupation, during the year 1884. The figures are, in fact, swelled by taking into account some of the regiments who have been passing through Egypt on their way to the Soudan. It would be difficult, by any very accurate process of reasoning, to arrive at the sum which may be fairly claimed from the Egyptian Treasury. Under these circumstances I venture to suggest that 300,000*l.*, which is the figure adopted at the London Conference, should be claimed. This would leave about 206,000*l.* now due.

The charge to be made from the 1st January, 1885, onwards, is, however, of greater importance than the amount charged for 1884. The financial arrangement now being negotiated with the Powers is based on an annual expenditure of 120,000*l.* on account of the expenses of the Army of Occupation. I had, until recently, thought that this rate of expenditure would commence from the 1st January, 1885, or, at all events, from the date of signing the arrangement. I understand, however, that the change in the rate of payment may, possibly, not be introduced at once, and that during 1885, at all events, as much as 300,000*l.* may not improbably be claimed from the Egyptian Government. The actual number of men now in Egypt is about 3,500, which, at the old rate of 1*l.* per month per man, would give about 170,000*l.* a-year. I am aware that it may be argued, with some reason, that the force in Egypt proper is relatively small, because a large force is employed in military operations outside the frontiers of Egypt. It is difficult to represent the precise value of this argument in any arithmetical form, but, whatever its value, I venture to think that it is not the only, nor is it the most important, argument which has to be considered in deciding this question.

After infinite trouble, we appear at last to be on the point of concluding a fairly satisfactory financial arrangement with the other Powers. Unless we can manage in the course of the next two years so to improve the Egyptian financial position as to resume payment of the full rate of interest on the debt, the whole of this most troublesome financial question, and, therefore, not improbably the whole Egyptian question will be raised again in a remarkably objectionable form, for if once an International Commission is assembled at Cairo, a great many difficulties of various sorts will be raised.

It will, I can assure your Lordship, be no easy matter to resume payment of the full rate of interest on the debt two years hence. Her Majesty's Government may, I think, rely upon all possible efforts being made here to attain this object, but I cannot speak with any degree of confidence as to the result. I have already mentioned that, although, on the one hand, the possibility of increasing the revenue in certain directions presents some favourable prospects of success, on the other hand, the Soudan expenditure threatens to render abortive all endeavours to resume payment of the full rate of interest on the debt. Bearing in mind the heavy Soudan expenditure in 1885, and the fact that it will take time to execute many of the reforms now under consideration, it is almost inconceivable that there should not be a considerable deficit in 1885. Under these circumstances, there is great danger that a new floating debt will be commenced, and if this necessity arises in any serious form, not only will the Egyptian Government be brought into contact, and perhaps into collision, with the Commissioners of the Debt, but also the chances of resuming payment of the full rate of interest on the debt will, to say the least, be greatly diminished.

The question, therefore, is really not whether it is just to throw a certain charge

on the shoulders of the English or the Egyptian tax-payers—I do not mean to say that that is not a very important element to be considered in connection with the question, and I can assure your Lordship that I should be the last to suggest that any charge should be borne by the English Treasury unless I thought that there were very strong reasons for adopting this course. But this is not the only point to be considered. Another, and I cannot help thinking more important, consideration is this: is it worth while, for the sake of a sum of money which for Egypt is considerable, but which is, after all, not very large for England, to run the risk of creating further financial, and, therefore, probably political, difficulties here? I cannot think that it is so. I earnestly hope, therefore, that Her Majesty's Government will be able to see their way to allowing the charge, at the rate of 120,000*l.* a-year, on account of the expenses of the Army of Occupation, to commence from the 1st January, 1885.

I have, &c.
(Signed) E. BARING.

No. 204.

Sir E. Baring to Earl Granville.—(Received March 2.)

(No. 180.)

My Lord,

Cairo, February 24, 1885.

I HAVE the honour to inclose a copy of a Khedivial Decree nominating Baron de Richthofen German Commissioner of the Public Debt.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 204.

Décret.

NOUS, Khédive d'Égypte, vu l'Article 5 du Décret, en date du 2 Mai, 1876,

Décrétons :

M. le Baron de Richthofen, Conseiller de Légation, est nommé Commissaire-Directeur de la Caisse de la Dette Publique.

Fait au Palais d'Abdine, le 19 Février, 1885 (4 Djemad-Ewel, 1302).

(Signé) MEHEMET TEWFİK.

Par le Khédive :
Le Président du Conseil des Ministres,
(Signé) N. NUBAR.

No. 205.

Sir E. Baring to Earl Granville.—(Received March 2, 10 P.M.)

(No. 129.)

(Telegraphic.)

Cairo, March 2, 1885, 9.15 P.M.

ON 28th February Egyptian Government had a balance of 31,000*l.* Their estimated deficit on 31st March is 93,000*l.* They hold 200,000*l.* nominal Preference stock. On this they will be able to borrow expenditure services for March. But they will not be able to pay tribute due on 6th April, amounting to 112,000*l.*, or the 150,000*l.*, which the Domains Commissioners will require by 15th April. If, therefore, some of the loan money is not placed at disposal of Egyptian Government by 6th April, they will have to stop payment of the tribute.

Sir E. Baring to Earl Granville.—(Received by telegraph, March 2.)

(No. 202. Ext. 129.)

My Lord,

Cairo, March 2, 1885.

I HAVE the honour to inform your Lordship that on the 28th February the Egyptian Government had a balance of 31,000l.

Their estimated deficit on the 31st March is 93,000l.

They hold 200,000l. (nominal) Preference stock. On this they will be able to borrow 150,000l., and so pay the administrative services for March.

But they will not be able to pay the tribute which will be due on the 6th April, amounting to 112,000l., nor the 150,000l. required on the 15th April by the Commissioners of the Domains.

If, therefore, some of the money of the new loan is not placed at the disposal of the Egyptian Government by the 6th April, they will have to stop payment of the tribute.

I have, &c.
(Signed) E. BARING.

No. 207.

Sir E. Baring to Earl Granville.—(Received March 3, 10.30 A.M.)

(No. 130.)

(Telegraphic.)

Cairo, March 3, 1885, 9.50 A.M.

I AM sending home by mail to-day a Khedivial Decree giving Blum Pasha full powers to sign financial arrangement on behalf of Egyptian Government.

No. 208.

Sir E. Baring to Earl Granville.—(Received by telegraph, March 3.)

(No. 205. Ext. 130.)

My Lord,

Cairo, March 3, 1885.

I HAVE the honour to transmit to your Lordship a note which I have received from Nubar Pasha, inclosing copy of a Khedivial Decree, giving Blum Pasha full powers to sign the financial arrangement on behalf of the Egyptian Government.

Your Lordship will observe that the dates of the Declaration and of the Decree are left blank.

Nubar Pasha requests that they may be filled in at the Foreign Office.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 208.

Nubar Pasha to Sir E. Baring.

M. le Ministre,

Le Caire, le 2 Mars, 1885.

J'AI l'honneur de vous adresser ci-inclus copie d'un Décret rendu par Son Altesse le Khédivé à l'effet d'autoriser Blum Pasha, Sous-Secrétaire d'Etat aux Finances, d'accepter et de signer la Déclaration du Mars, relative aux arrangements concernant l'Égypte, ainsi que tous les documents qui en dépendent.

Je vous serai reconnaissant de vouloir bien porter à la connaissance de sa Seigneurie Lord Granville les pleins pouvoirs dont a été investi Blum Pasha et je vous renouvelle, &c.

Le Ministre des Affaires Étrangères,
(Signé) N. NUBAR.

Decree.

NOUS, Khédivé d'Égypte,

Sur la proposition de notre Conseil des Ministres :

Donnons pleins pouvoirs à Blum Pasha, Sous-Secrétaire d'Etat au Ministère des Finances, d'accepter et de signer en notre nom et en tant que de besoin la Déclaration du Mars relative aux arrangements concernant l'Égypte ainsi que tous les documents qui en dépendent.

Fait au Palais d'Abdine, le Mars, 1885.

(Signé)

MÉHÉMET TEWFIK.

Par le Khédivé :

Le Président du Conseil des Ministres,

(Signé) N. NUBAR.

No. 209.

Sir E. Baring to Earl Granville.—(Received March 4, 6.40 P.M.)

(No. 133.)

(Telegraphic.)

Cairo, March 4, 1885.

LAW-SUIT of the Caisse has been adjourned for a fortnight. It stands first on the list, and no further adjournment will be probably allowed.

No. 210.

Sir E. Baring to Earl Granville.—(Received by telegraph, March 4.)

(No. 216. Ext. 133.)

My Lord,

Cairo, March 4, 1885.

THE hearing of the appeal in the law-suit of the Caisse against the Egyptian Government has been again adjourned for a fortnight.

The case has been placed first on the list, and no further adjournment will probably be allowed.

I have, &c.
(Signed) E. BARING.

No. 211.

Earl Granville to Mr. Scott.

(No. 139. Confidential.)

Sir,

Foreign Office, March 4, 1885.

WITH reference to my despatches No. 92, Africa, of the 26th ultimo, and No. 93, Africa, of the 2nd instant, I have to inform you that the German Ambassador called on the 1st instant to make a further communication confidentially on the subject of my note to his Excellency of the 21st ultimo respecting the Cameroons.

Count Münster stated, in pursuance of his telegraphic instructions, that, by order of the Emperor, Prince Bismarck had requested him to apprise me beforehand and confidentially that the German Government will not ask for interest on the Egyptian indemnities, because it was not the fault of Egypt that the British fleet had bombarded Alexandria; but that in view of my note of the 21st ultimo respecting the Cameroons, and considering especially the tone of its concluding sentence, they intend not to waive their right to claim full indemnity with interest from the British Government for the damages done to German subjects by the bombardment of Alexandria. In the meanwhile, Count Münster was to intimate the possibility of a protest on the part of his Government against the revenues of Egypt, which are the security of her creditors, being applied to the cost of the British occupation and of British military operations.

Her Majesty's Government can only attribute this message to an entire misconception as to the meaning and intent of the concluding sentence of my note of the 21st, to which it particularly refers. I have already given explanations in my despatch No. 93, Africa, of the 2nd instant, as to the real purport of that sentence.

As regards the demands which the German Government now suggest that they might bring against the British Government, arising out of the bombardment of Alexandria, I have to observe that the bombardment to which they refer was carefully and exclusively directed against the fortifications of Alexandria, and that the damage done to the city was due solely to the action of the Egyptian rebels. There can, therefore, be no foundation in law or in fact for claims against Her Majesty's Government on this account, and they are unwilling to suppose that such claims would be advanced by the German Government who have been parties to the general agreement among the Powers for the settlement of the claims arising out of the events which had occurred in Egypt since the 10th June, 1882.

As regards the protest which it is intimated in Count Münster's communication that the German Government might possibly make against the application of the revenues of Egypt to the cost of the British occupation and of military operations in that country, I would wish to observe that no contribution from the revenues of Egypt has been claimed by Her Majesty's Government on account of the British military operations in that country or in the Soudan. The payments made from Egyptian revenues have only been on account of British troops maintained in Egypt for the preservation of order and the defence of the country in the absence of native forces sufficient for the purpose. No sums on this account have been received by Her Majesty's Government for any period subsequent to the 31st March, 1884, and the amount due to the 31st of the present month is 314,700*l*.

The presence of the British troops in Egypt has been essential to the security of her revenues and to the interest of her creditors, and Her Majesty's Government have asked for no more than, perhaps indeed not so much as, repayment of the excess of expenditure caused by their employment in this manner over their ordinary cost when on home service. I send this despatch for your information in case this language is repeated, which will possibly not be the case.

I am, &c.
(Signed) GRANVILLE.

No. 212.

Assim Pasha to Essad Pasha.—(Communicated to Earl Granville by Musurus Pasha, March 7.)

E
(Télégraphique.)

LE Chargé d'Affaires de France m'a communiqué les vues de son Gouvernement sur le mode de règlement de la question des finances Égyptiennes et de celle du Canal de Suez.

Le Gouvernement Impérial se déclare prêt à accepter sous les réserves suivantes les propositions de la France, si elles réunissent l'adhésion des autres Puissances.

En ce qui concerne la question financière, l'emprunt à contracter par le Khédivé devant être naturellement autorisé par un Firman de Sa Majesté Impériale le Sultan, le Gouvernement Impérial examinera les dispositions de la Convention qui sera conclue à cet effet, et se fera représenter à la Commission de la Caisse de la Dette Publique par un Délégué spécial.

Quant à l'autre question, bien que des hostilités ne doivent pas avoir lieu dans le Canal de Suez, ses approches ou dans les eaux territoriales de l'Égypte, la souveraineté de cette contrée et du Canal qui en fait partie appartenant à l'Empire et le régime à établir pour le libre usage de cette voie de navigation ne pouvant pas s'appliquer aux mesures qui pourraient être nécessaires pour la défense de l'Égypte, le Gouvernement Impérial aura plein droit de prendre toutes les mesures qui seront nécessaires pour la défense de l'Égypte soit contre un État belligérant, soit, au besoin, en Égypte même.

Vous êtes autorisé à laisser copie de cette dépêche à M. Ferry.

No. 213.

Earl Granville to Mr. Wyndham.

E
(No. 90 A.)
Sir,

Foreign Office, March 7, 1885.

THE Turkish Ambassador called to-day and communicated a copy of a telegram addressed by the Porte to the Sultan's Representative at Paris, relative to the

Egyptian financial proposals, and the question of the free navigation of the Suez Canal.

His Excellency stated that the Porte accepted the financial proposals provided they had the assent of the other Powers; that as the loan required a Firman, they would examine the terms of the Convention, and would be represented on the Commission of the Caisse by a special Delegate; the French Government did not object to this, and as he would be paid by the Porte, it was presumed that no objection would be raised elsewhere.

With regard to the Suez Canal, his Excellency said that the Porte reserved to themselves the right to take all the measures necessary for the defence of Egypt.

His Excellency added that his Government were opposed to the appointment of an Egyptian Representative on the Commission at Paris.

I am, &c.
(Signed) GRANVILLE.

No. 214.

Sir E. Baring to Earl Granville.—(Received March 9.)

(No. 203.)

My Lord,

Cairo, March 3, 1885.

I HAVE the honour to inclose the monthly Return issued by the Commissioners of the Public Debt of the sums received from the Assigned Revenues up to the end of February.

Your Lordship will observe that to meet the coupon of the Unified Debt due on the 1st May, and amounting to 1,120,000*l*., the Caisse has already in hand 1,396,000*l*., while they have 130,000*l*. on account of the Privileged coupon due on the 15th April, which amounts to 558,000*l*.

In all, therefore, they had at the end of February 1,826,000*l*. to cover payments of 1,678,000*l*., of which the earliest instalment is due on the 15th April.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 214.

Extract from the "Moniteur Égyptien."

CAISSE DE LA DETTE PUBLIQUE.

Année 1885.—Mois de Février.

État mensuel des Sommes versées à la Caisse de la Dette Publique sur les Revenus affectés.

DETTE UNIFIÉE.				£	s.	d.
Échéance du 1 ^{er} Mai, 1885—						
Capital restant à amortir	..	..	..	..	55,991,320	0 0
Dotation d'intérêts	..	..	..	..	1,119,826	8 0

Désignation des Provinces et Administrations dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées—		Totaux au 28 Février, 1885.
	Du 1 ^{er} au 28 Février.	Du 26 Octobre, 1884, au 31 Janvier, 1885	
	P. T. p.	P. T. p.	P. T. p.
Province de Garbieh	2,236,580 02	47,592,831 13	49,829,411 15
„ de Ménoufieh	3,201,061 00	28,897,180 16	32,098,241 16
„ de Béhéra	2,152,039 20	15,102,393 29	17,254,433 09
„ de Siout	1,159,341 20	4,769,143 24	5,928,485 04
Douanes	5,028,188 20	22,259,717 00	27,287,905 20
Droits sur les tabacs d'importation	1,595,282 20	2,141,900 00	3,737,182 20
	15,372,496 02	120,763,166 02	136,135,662 04
			Soit, 1,396,263 <i>l</i> .

DETTE PRIVILÉGIÉE.

Échéance du 15 Avril, 1885—	£
Capital restant à amortir	22,332,800
Dotation d'intérêts	558,320
Dotation effective d'amortissement	36,000
Reliquat de cette dotation, disponible pour l'échéance suivante	—

Désignation des Administrations dont les Revenus sont affectés au Service de la Dette Privilégiée.	Sommes versées—		Totaux au 28 Février, 1885.
	Du 1 ^{er} au 28 Février,	Du 15 Octobre, 1884, au 31 Janvier, 1885.	
	P. T.	P. T.	P. T.
Chemins de fer, Télégraphes, et Port d'Alex- andrie	4,875,000	37,050,000	41,925,000
			Soit, 430,000l.

Nota.—Le complément des dotations de la Dette Privilégiée est prélevé sur les revenus de la Dette Unifiée.

Le Caire, le 1^{er} Mars, 1885.

Les Commissaires-Directeurs,
(Signé) G. LE CHEVALIER.
P. BARAVELLI.
VETSERÁ.
A. MONEY.

Pour copie conforme :
Le Contrôleur,
(Signé) W. MCG.

No. 215.

Earl Granville to Mr. Wyndham.

(No. 91.)

Sir,

Foreign Office, March 9, 1885.

THE Turkish Ambassador called upon me this afternoon and informed me of the substance of communications which had passed between the Porte and the French Government in regard to the settlement of the Egyptian financial question. A summary of these communications is given in my despatch to you No. 92 of this day's date.

His Excellency then said that he had forwarded to Constantinople the draft of proposed Convention for the new Egyptian loan in order that there might be no delay in procuring the Sultan's consent. But he wished to draw my particular attention to two points in the communications which he had made to me on the 7th instant and to-day, and which were necessary conditions for the acquiescence of the Sultan to the arrangements.

The first was the appointment of a Turkish Commissioner on the Caisse de la Dette Publique.

The second was that there should not be an Egyptian Representative on the Commission to draw up the Agreement respecting the Suez Canal, the proper person to represent the interests of Egypt being the Turkish Delegate.

I said that as regards the first point I had already stated in a previous conversation the objections which seemed to me to exist to the appointment of a Turkish Commissioner to the Caisse de la Dette Publique. I had seen no reason to modify my opinion upon this question, and I understood that the same objections had suggested themselves to other Governments. But if the other Powers were willing to agree to such an arrangement, we did not wish to make difficulties.

As regards the presence of an Egyptian Delegate on the Commission respecting the Suez Canal, I suggested that such a Delegate might be present at the meetings in the same position as the Egyptian Delegates had held at the Conference in London last spring.

I am, &c.
(Signed) GRANVILLE.

No. 216.

Earl Granville to Sir A. Paget.

E

(No. 68.)

Sir,

Foreign Office, March 9, 1885.

THE Austro-Hungarian Ambassador informed me this afternoon that the French Government had communicated to Count Kálnoky the draft of the Declaration with regard to the Suez Canal question which M. Waddington and I have agreed upon, and had asked his Excellency whether the Austro-Hungarian Government accepted the same.

Count Károlyi said he was authorized to inform me of the acceptance of his Government, on the supposition that the assent of the other Powers was also given, and with the reservation that the work of the Commission will be open to subsequent modification by the Governments concerned.

His Excellency added that he had full powers to sign the Declaration for the settlement of the financial question as soon as the Representatives of other Powers were similarly authorized.

I am, &c.
(Signed) GRANVILLE.

No. 217.

Mr. Scott to Earl Granville.—(Received March 12, 12.20 P.M.)

(No. 26.)

(Telegraphic.)

Berlin, March 12, 1885, 11.53 A.M.

COUNT BISMARCK tells me instructions will be sent to Count Münster to sign Egyptian Financial Agreement as soon as replies have been received to telegrams sent yesterday to Vienna and St. Petersburg, with reference to certain unimportant alterations in text of Protocol having reference to Khedive. He believed signatures might take place on the 14th instant at latest.

(Confidential.)

French Ambassador told me yesterday, in confidence, he understood delay was caused by Prince Bismarck's wish that Judgment on appeal in action brought by the Caisse should be passed.

No. 218.

Mr. Scott to Earl Granville.—(Received by telegraph, March 12.)

(No. 118. Confidential. Ext. 26.)

My Lord,

Berlin, March 12, 1885.

I LEARNED last night from Count Herbert Bismarck that the German Government hoped very shortly to be able to send Count Münster instructions to sign the proposed Agreement in regard to the settlement of the Egyptian financial question. He said that the delay in doing so had been occasioned by a desire to communicate first with the Russian and Austrian Governments in regard to a proposed alteration, which he described as unimportant, in the text of the Protocol; I understood him to allude to some passage in the text referring to the Khedive. Telegrams, he said, had been sent that afternoon to St. Petersburg and Vienna, and he presumed that replies would be received in time to admit of the Agreement being signed on the 14th instant at latest.

When I saw the French Ambassador yesterday morning his Excellency told me in confidence that he had been at a loss to understand the hesitation of the German Government in instructing their Ambassador in London to sign an Agreement which he thought had met with the approval of all the Powers interested, but that on inquiry he had found that Prince Bismarck had since learnt that the Judgment in appeal on the action brought by the Caisse de la Dette had been again put off without his knowledge, and I gathered that M. de Courcel's impression was that the Prince wished the Judgment to be pronounced before the final Agreement was signed.

I have, &c.
(Signed) CHARLES S. SCOTT.

Musurus Pasha to Earl Granville.—(Received March 13.)

E
My Lord,

Londres, le 13 Mars, 1885.

AYANT communiqué au Gouvernement Impérial la note que votre Excellence m'a fait l'honneur de m'adresser, sous la date du 19 du mois dernier, en réponse à mon Mémoire relatif à la représentation de la Sublime Porte à la Commission de la Caisse de la Dette Égyptienne, je suis maintenant autorisé à faire connaître à votre Excellence que le Gouvernement Impérial se trouve dans l'impérieuse nécessité d'insister sur sa demande, telle qu'elle est exposée et motivée dans mon Mémoire précité, et qu'il lui est impossible, sans abdiquer une partie de ses droits souverains et sans s'exposer à voir négligés ou compromis ses intérêts aussi légitimes que considérables, de consentir à être seul exclu de la connaissance de la situation financière d'une contrée qui fait partie de l'Empire Ottoman.

La Sublime Porte n'entend pas entraver l'application soit du Décret Khédivial du 2 Mai, 1876, soit de la Loi de Liquidation, qui, d'ailleurs, va subir certaines modifications; et, quant à l'objection motivée sur une augmentation de dépenses pour le Trésor Égyptien, elle n'hésiterait pas à payer elle-même les appointements du Délégué de son choix.

Le but et la décision de la Sublime Porte sont de nommer directement elle-même son Délégué, qui, jouissant au sein de la Commission de la Caisse d'une situation distincte de celle des autres Délégués, devrait se tenir au courant des affaires financières de l'Égypte, au nom de la Puissance Souveraine.

Bien que l'administration des finances Égyptiennes entre, d'après les Firmans Impériaux, dans les attributions du Khédivat, rien n'empêche le Gouvernement Impérial de s'informer, par l'intermédiaire d'un Délégué spécial, de l'état de ces finances, qui prennent de jour en jour plus d'importance et donnent lieu à des questions politiques.

De plus, il est évident que si la Sublime Porte n'était pas dès à présent représentée à la Commission de la Caisse, elle ne se trouverait pas en position de concourir, en connaissance de cause et d'une manière utile pour elle-même, pour l'Égypte, et pour les intéressés dans les finances Égyptiennes, aux délibérations de la Commission Internationale, prévue éventuellement par le troisième paragraphe de l'Article 12 du Projet de Décret Khédivial, et qui aurait pour mandat de procéder à une enquête générale sur la situation financière de l'Égypte.

Le Gouvernement Impérial a le ferme espoir que votre Excellence voudra bien apprécier les considérations qui précèdent et les appuyer, au besoin, auprès des autres Puissances, qui, dans leur désir sincère de préserver de toute atteinte les droits et les intérêts de la Sublime Porte en Égypte, n'en contesteront certainement pas la légitimité et la valeur.

J'ai, &c.
(Signé) MUSURUS.

No. 220.

Earl Granville to Mr. Scott.

(No. 27.)

(Telegraphic.)

Foreign Office, March 13, 1885, 1.45 P.M.

YOUR telegram No. 26 of yesterday.

Express to Count H. Bismarck satisfaction of Her Majesty's Government at his announcement respecting the signing of Egyptian Agreement, and urge that instructions be sent to carry out that assurance.

No. 221.

Mr. Scott to Earl Granville.—(Received March 14, 1.15 P.M.)

(No. 27.)

(Telegraphic.)

Berlin, March 14, 1885, 12.5 P.M.

YOUR telegram No. 27 of yesterday.

Have communicated your message to Count H. Bismarck.

He says that he finds he was too sanguine in expecting instructions to Count Münster to arrive in time for signature of Agreement to-day, but hopes they will reach him in a day or two, as full powers were submitted for Emperor's signature yesterday.

I strongly suspect endeavours will be made to delay signature until after Judgment is pronounced on appeal at Cairo.

No. 222.

Mr. Scott to Earl Granville.—(Received by telegraph, March 14.)

(No. 122. Confidential. Ext. 27.)

My Lord,

Berlin, March 14, 1885.

ON the receipt of your Lordship's telegram No. 27 of yesterday I at once communicated its substance to Count H. Bismarck in a private letter, copy of which I have the honour to inclose.

In the evening I met the Count at a reception, when he thanked me for my communication, but said that he feared he had been rather too sanguine in expecting that Count Münster would receive his instructions in time to admit of the Egyptian Financial Agreement being signed to-day. His full powers to do so had been submitted for the Emperor's signature that afternoon, and he hoped they would reach London in the course of the next few days.

From what I heard from the French Ambassador and Dr. Busch, I am inclined to suspect that an endeavour may be made in certain quarters to delay the signature of the Agreement until after the 19th instant, when it is expected that Judgment will be finally pronounced on the appeal in the action brought by the Caisse de la Dette at Cairo.

I have, &c.
(Signed) CHARLES S. SCOTT.

Inclosure in No. 222.

Mr. Scott to Count Bismarck.

Dear Count Bismarck,

Berlin, March 13, 1885.

I TELEGRAPHED yesterday to Lord Granville that I understood from you that the delay in sending instructions to Count Münster to sign the Egyptian Agreement was due to some slight alteration which had been proposed in the text of the Protocol, on which the Imperial Government had communicated by telegraph on Tuesday with Vienna and St. Petersburg, but that you thought that replies would be received in time to admit of sending the necessary instructions to Count Münster which would allow of the Agreement being signed by the 14th instant.

Lord Granville desires me to express the satisfaction of Her Majesty's Government at this announcement, and the urgent hope that instructions will be sent to enable such an arrangement to be carried out.

I have, &c.
(Signed) CHARLES S. SCOTT.

No. 223.

Earl Granville to Mr. Scott.

(No. 28.)

(Telegraphic.)

Foreign Office, March 15, 1885, 12.15 P.M.

SEE and ask Count Bismarck to use his good offices to put an end to the delay which, *prima facie*, seems inconsistent with the assurance that no objections would come from Germany if England and France agreed, with the promise which the Count made more than a week ago to ask the Chancellor to instruct Count Münster to sign, with the cordial interchange of friendly words which gave me so much pleasure at our last meeting, and with the statement that we should be in a position to sign on the 14th.

[115]

2 R

It is difficult to avoid giving answers to the questions which will begin again to-morrow in the House of Commons.
Take no action if not necessary.

No. 224.

Mr. Scott to Earl Granville.—(Received March 15, 8 P.M.)

(No. 28.)
(Telegraphic.)

Berlin, March 15, 1885, 5:50 P.M.

YOUR Lordship's telegram No. 28 of to-day.

Have spoken to Count Bismarck in sense desired. He promises to do his utmost with Chancellor to get instructions sent as soon as possible. When in London he was ignorant of difficulty raised (I have privately ascertained here) in regard to Article No. 26 of Decree which has been subject of communication by telegraph between the three Imperial Cabinets and Paris.

There is apparently still some doubt as to views of one Cabinet on question whether Article referred to should be suppressed or slightly altered in wording, or whether it should be left, and a reserve inserted in Protocol to secure the question of principle to which Prince Bismarck attaches great importance. It is possible that this doubt may be cleared up in time to send instructions to-morrow, but the Count could give no positive assurance.

No. 225.

Mr. Scott to Earl Granville.—(Received March 16.)

E
(No. 119.)
My Lord,

Berlin, March 12, 1885.

WITH reference to my immediately preceding despatch of to-day's date, I have the honour to state that I mentioned to Dr. Busch to-day what I had understood from Count Herbert Bismarck to be the cause of the delay in sending Count Münster instructions to sign the Egyptian Financial Agreement, and the hopes which he had held out that they would reach London, at all events, before the 14th. His Excellency stated that the cause was, as Count Bismarck had stated, the necessity of communicating with Vienna and St. Petersburg in regard to some proposed change in the wording of the Agreement, but he admitted that the adjournment of the date for pronouncing final Judgment on the appeal in the action against the Egyptian Government for violating the Law of Liquidation had something to say to the delay in question, for, said his Excellency, it would never do to let the Egyptian Government quietly pocket the money which they had illegally appropriated.

I concluded from this that the proposed alteration is intended to preclude them from having their action condoned by an *ex post facto* International Agreement.

I have, &c.
(Signed) CHARLES S. SCOTT.

No. 226.

Mr. Scott to Earl Granville.—(Received March 16.)

E
(No. 124. Confidential.)
My Lord,

Berlin, March 14, 1885.

M. DE COURCEL was kind enough to-day to show me a copy of the Egyptian Financial Agreement, which I had not yet seen, and to explain to me confidentially the difficulty which had been raised at Berlin in regard to the wording of Article 26, which no doubt accounted for the delay in sending the instructions to Count Münster referred to in my despatch No. 118, Confidential, of the 12th instant. His Excellency presumed that your Lordship would have already received information on this matter from M. Waddington. He said that Prince Bismarck had asked him to call upon him some days ago to speak on this subject, and he had been surprised to find what importance the Chancellor attached to the action brought by the Caisse being carried out to its legal end. Prince Bismarck had said that he had understood this to have been the course on which the Powers interested had been originally agreed. The

French Government might perhaps not share his views on this point, but he personally regarded it as scarcely consistent with the dignity of Germany to allow the judicial action of the International Tribunals to be obstructed or set aside by the high-handed act of the President of the Court of Appeal adjourning the date for giving Judgment without proper notice or previous consent of the Caisse.

The wording of the 26th Article Prince Bismarck considered to be open to serious objection, as, under the circumstances, the ends of justice would be defeated, and the illegal action of the Egyptian Government condoned and left to serve as a dangerous precedent in the future. He would insist either on the total suppression of the Article itself, or the insertion of a reserve in the Protocol stipulating that the funds which had been illegally appropriated by the Egyptian Government should be restored to the Caisse.

M. de Courcel told me that he had always known that the Chancellor, like most Germans, attached great importance to the strictly legal view of questions, and laid more stress on the principle involved in the violation of the Law of Liquidation than on the material losses which it inflicted on the bondholders; but he was surprised to find him so unyielding on this occasion, when the French Government had raised no similar objection on a question in which France was more directly interested than Germany.

He had done his best to overcome the Chancellor's objections, but finding that subsequent meditation had strengthened instead of weakening Prince Bismarck's legal scruples, he had desisted from making any fresh representations, and he supposed that Count Münster would receive his instructions when the point had been argued out between the three Imperial Governments, who apparently wished to act together in this case. He thought that in the end the result would be the same, as it would be always free to the Powers to come to some subsequent agreement on the subject of restoring the funds to the Caisse, once the principle at stake was secured in the way Prince Bismarck desired.

He regretted very much the delay which would be occasioned, as it would also necessitate the postponement of the meeting of the Suez Canal Commission, which had been fixed for the 16th.

I may add that I learnt from Count Bismarck last night that M. Derenthal, who is at present at Cairo, will be one of the German Delegates on the Suez Canal Commission, and that he could not possibly have reached Paris in time for the 16th instant.

I have, &c.
(Signed) CHARLES S. SCOTT

No. 227.

Earl Granville to Viscount Lyons.

E
(No. 231 A. Confidential.)
My Lord,

Foreign Office, March 16, 1885.

THE French Ambassador told me in the course of conversation that he had throughout steadily resisted the introduction of fresh alterations in the arrangement for the settlement of the Egyptian Financial question, which had been finally agreed to by the two Governments.

I am, &c.
(Signed) GRANVILLE.

No. 228.

Earl Granville to Mr. Scott.

E
(No. 152.)
Sir,

Foreign Office, March 16, 1885.

THE German Ambassador called upon me this morning and informed me that Prince Bismarck approved of the Declaration for the settlement of the Egyptian financial question as it now stood, and would authorize him to sign it on the two following conditions:—

First, that the words "A dater de la signature de la Convention Internationale," should be added to Article 16 of the draft Decree.

Secondly, that a separate Protocol or Declaration should be signed by all the Powers to the following effect:—

"Les Plénipotentiaires soussignés déclarent qu'en adhérant à l'Article 26 du Décret ci-dessus, ils n'entendent pas admettre la légalité de l'emploi irrégulier qui a été fait des fonds d'amortissement de la dette Égyptienne."

Count Münster called upon me again in the afternoon with the French Ambassador. The Chancellor of the Exchequer was also present.

I asked what was the object of the proposed addition to Article 16 of the Decree.

Count Münster and M. Waddington, speaking for themselves, stated to Mr. Childers and me that the sole object was to clear up the doubt as to the date of the operation of the Decree, as distinguished from that of the International Declaration without interfering with the aim of the 26th clause.

Count Münster thought it necessary, however, to telegraph to Berlin for a positive confirmation of this view.

With regard to the proposed Declaration, I said that I had no objection to its being signed by the Plenipotentiaries of those Powers who wished it.

If it was desired that all the Powers should sign it, we should be ready to sign a Declaration worded as follows:—

"Les Plénipotentiaires soussignés déclarent que l'adhésion des Puissances à l'Article 26 du Décret n'implique pas la reconnaissance de la légalité de l'emploi qui a été fait des fonds d'amortissement de la dette Égyptienne."

I explained that we had never contested the illegality of the act, but considered that it was justified by the pressing necessities of the case.

I asked Count Münster to inquire of Prince Bismarck which of the two modes of procedure he would prefer.

I am, &c.
(Signed) GRANVILLE.

No. 229.

E Sir E. Baring to Earl Granville.—(Received March 17.)
(No. 217.)

My Lord,

Cairo, March 5, 1885.

I HAVE the honour to transmit to your Lordship herewith copy of a Khedivial Decree appointing Prince Alexander Morousi Russian Member of the Commission of the Public Debt.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 229.

Decree.

NOUS, Khédive d'Égypte,
Vu l'Article 3 du Décret en date du 2 Mai, 1876,

Décrétons :

M. le Prince Alexandre Morousi, attaché au Ministre des Affaires Étrangères, est nommé Commissaire-Directeur de la Caisse de la Dette Publique.

Fait au Palais d'Abdine, le 1^{er} Mars, 1885 (4 Djamad-el-Ewel 1302).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,
(Signé) NUBAR.

No. 230.

M. de Staal to Earl Granville.—(Received March 17.)

M. le Comte,

Londres, le 5 (17) Mars, 1885.

AU moment de procéder à la signature de la Convention Égyptienne et conformément aux ordres de mon Gouvernement, j'ai l'honneur de renouveler par cette note la réserve que j'ai déjà eu l'occasion de formuler dans mes notes du 5 (17) et 8 (20) Février dernier

Elle porte que : "Si une des Puissances se trouvait dans le cas de renoncer à sa part de garantie, la Russie aurait le même droit."

J'ai, &c.
(Signé) STAAL.

No. 231.

Earl Granville to Sir E. Baring.

(No. 81.)

(Telegraphic.)

Foreign Office, March 17, 1885, 6.30 P.M.

EGYPTIAN Finance Declaration signed to-day. French, Italian, and Austrian Ambassadors have telegraphed to their Governments to request that their Representatives on the Caisse may be instructed to stop further proceedings in the action. Take such measures as may be necessary on your part to effect this object.

No. 232.

Earl Granville to Sir E. Baring.

(No. 104. Ext. 81.)

Sir,

Foreign Office, March 17, 1885.

THE Declaration with regard to the finances of Egypt was signed at this Office to-day by the Ambassadors of all the Powers, with the exception of the Turkish Ambassador, who is still without instructions on the subject.

The French, Austrian, and Italian Ambassadors have requested their Governments, by telegraph, to instruct their Commissioners on the Caisse de la Dette to stop further proceedings in the action pending in the Court of Appeal against the Egyptian Government.

I have to instruct you to take such measures as may be necessary on your part to carry out this object.

I am, &c.
(Signed) GRANVILLE.

No. 233.

Earl Granville to Viscount Lyons.*

(No. 240.)

My Lord,

Foreign Office, March 17, 1885.

THE Ambassadors of the Great Powers and of Turkey met at the Foreign Office this afternoon by my invitation, for the purpose of signing the Declaration for the settlement of the Egyptian Financial question.

Before proceeding to sign, I stated to their Excellencies that they were no doubt acquainted with the wording of the Declaration and of the documents attached to it. The German Ambassador had been instructed by his Government to propose the insertion of certain words in the 16th Article of the draft Decree, and also the signature of a separate Declaration to the effect that the adhesion of the Powers to the 26th Article of the Decree did not imply the recognition of the legality of the use made of the sinking fund of the Egyptian debt. I said that I had rather hesitated to put the question (to which I was sure there could be but one answer), but that I had thought it right to ask Count Münster whether I correctly understood that these changes were not meant in any way to afford openings for a renewal of claims on

* Also to Mr. Scott (No. 159), Mr. Wyndham (No. 105), Sir A. Paget (No. 74), Sir J. S. Lumley (No. 82), Sir E. Thornton (No. 101), and Sir E. Baring (No. 103).

account of the sums so employed. Count Münster had telegraphed to Prince Bismarck, and had, in reply, assured me that the reservation was made as a matter of legal form, to avoid any recognition of the legality of the action of the Egyptian Government in the matter, and that it was not intended to affect the full validity of the 26th Article.

I assumed, I added, that this answer meant that which I anticipated, viz., that while the legality of the Khedivial Decree is not implied by the 26th Article, any further action in respect to the same cause is excluded.

Count Münster stated that this was the meaning of the answer; the other Ambassadors assented, and took a copy of the last sentence of my statement.

We then proceeded to sign the Declarations.

I am, &c.
(Signed) GRANVILLE.

No. 234.

Draft Circular to Her Majesty's Embassies and Cairo.

My Lord,

Sir,

Foreign Office, March 17, 1885.

I TRANSMIT to your Excellency herewith copies of the Declarations signed this day by the Plenipotentiaries of the Great Powers and by the Plenipotentiary of the Egyptian Government for the settlement of the Egyptian Financial question, with the documents annexed thereto.

The Turkish Ambassador did not sign the Declarations, as he had not yet received his full powers, which are on their way.

The financial Convention attached to the first Declaration will be signed to-morrow.

I am, &c.
(Signed) GRANVILLE.

No. 235.

Earl Granville to Sir E. Baring.

(No. 82.)
(Telegraphic.)

Foreign Office, March 18, 1885, 7 P.M.

ASK Egyptian Government to appoint Bank of England their agents for new loan.

No. 236.

Sir E. Baring to Earl Granville.—(Received March 19, 4 P.M.)

(No. 164.)
(Telegraphic.)

Cairo, March 19, 1885, 3.45 P.M.

YOUR telegram No. 82.

Egyptian Government has telegraphed to Blum Pasha to arrange details with Bank of England.

No. 237.

Earl Granville to Mr. Wyndham.

(No. 106 A.)

Sir,

Foreign Office, March 20, 1885.

I IMPRESSED strongly upon the Turkish Ambassador to-day the necessity of his obtaining authority without further delay to sign the Declaration and Convention for the settlement of the Egyptian Financial question. I observed that no satisfactory reason had been given to account for the delay, and that the matter was one of real urgency.

His Excellency promised to telegraph to the Porte on the subject this afternoon.

I am, &c.
(Signed) GRANVILLE.

No. 238.

Earl Granville to Sir J. S. Lumley.

(No. 84.)

Sir,

Foreign Office, March 20, 1885.

COUNT NIGRA informed me to-day that M. Mancini had telegraphed to the Italian Agent at Cairo, stating that, in the opinion of the Italian Government, the lawsuit of the Caisse against the Egyptian Government should be stopped, in consequence of the arrangement arrived at for a settlement of the Egyptian finances, and instructing him to inform the Italian Commissioner on the Caisse de la Dette accordingly.

M. de Martino was further instructed to request M. Baravelli, in the event of any of his colleagues persisting in continuing the suit, to abstain from any action in the matter himself pending the receipt of further instructions.

I am, &c.
(Signed) GRANVILLE.

No. 239.

Earl Granville to Sir J. S. Lumley.

(No. 88.)

Sir,

Foreign Office, March 20, 1885.

THE Italian Ambassador has informed me that the Italian Government are ready to be represented by Sir C. Rivers Wilson and Mr. A'Court as regards the signing of the bonds of the new Egyptian loan, but they are anxious to know what formality should be gone through in order that their wishes in this matter may be carried out.

I am, &c.
(Signed) GRANVILLE.

No. 240.

Earl Granville to Viscount Lyons.

E
(No. 257.)

My Lord,

Foreign Office, March 21, 1885.

THE French Ambassador spoke to me to-day about the question of Turkey being represented on the Egyptian Debt Commission.

M. Ferry, his Excellency said, wished to know the opinion of Her Majesty's Government as to the position to be assigned to a Turkish Representative. It was thought by some Powers that it would be an anomaly for the Sultan to be represented by a Commissioner on the Caisse, and that the functions of any Turkish Delegate should not be precisely the same as those of the other members of the Caisse.

I am, &c.
(Signed) GRANVILLE.

No. 241.

Sir E. Baring to Earl Granville.—(Received March 23, 3.25 P.M.)

(No. 172.)
(Telegraphic.)

Cairo, March 23, 1885, 3 P.M.

I SUGGEST that you should see Blum about the tribute payment, amounting to 114,000l., due on 6th April. Unless an advance is obtained on the loan it will not be possible to meet this payment. The Treasury has only just sufficient money to pay the employés at the end of the month.

Sir E. Baring to Earl Granville.—(Received by telegraph, March 23.)

(No. 269. Ext. 172.)

My Lord,

Cairo, March 23, 1885.

I VENTURE to suggest to your Lordship that it would be as well to speak to Blum Pasha about the payment of the tribute, which is due on the 6th April, and which amounts to 114,000*l.* Unless an advance is obtained on the loan, the Egyptian Government will not be able to meet this payment; there is only just sufficient money in the Treasury here to pay the Government employés at the end of this month.

I have, &c.

(Signed) E. BARING.

No. 242*.

Earl Granville to Sir E. Baring.

(No. 84.)

(Telegraphic.)

Foreign Office, March 24, 1885, 1 A.M.

CAN you state the aggregate payments due in April in excess of balances and receipts available to meet them, naming large items?

This required for answer in House of Commons at 4 to-day.

No. 243.

Sir E. Baring to Earl Granville.—(Received March 24, 12.45 P.M.)

(No. 174.)

(Telegraphic.)

Cairo, March 24, 1885, 10.10 A.M.

YOUR telegram No. 84 of to-day.

Following is estimate of non-assigned revenues for April, figures in thousands of Egyptian pounds:—

CREDIT.				DEBT.			
Balance, March 31 ..	..	..	25	Administration ..	..	..	175
Land tax ..	..	..	100	Soudan ..	..	..	30
Other receipts ..	..	..	50	Payment for April coupon on Domains	..	..	150
				Loan ..	..	..	17
				Daira Khassa ..	..	..	112
				Tribute ..	..	..	484
Total ..	..	..	175	Total ..	..	..	309
				Balance Debtor ..	..	..	

Commissioners of Debt will have a large surplus after payment of coupons due 15th April and 1st May on Preference and Unified.

No. 244.

Sir E. Baring to Earl Granville.—(Received March 24, 2 P.M.)

(No. 175.)

(Telegraphic.)

Cairo, March 24, 1885.

I TOUGHT to have mentioned in my telegram No. 174 that the advances made to the Egyptian Government by Rothschilds, the Crédit Foncier, and the Anglo-Egyptian Bank, together amounting to 1,367,500*l.*, fall due on 1st April, and will have to be renewed.

Earl Granville to Sir E. Baring.

(No. 86.)

(Telegraphic.)

Foreign Office, March 24, 1885, 5.20 P.M.

SURPRISE expressed in House at non-receipt of revenue and expenditure account for 1884, considering promise in your despatch of the 3rd November.

We have as yet only provisional account. Please send final account in complete form, and reply when we may expect it.

No. 246.

Earl Granville to Mr. Wyndham.

(No. 26.)

(Telegraphic.)

Foreign Office, March 24, 1885, 8.15 P.M.

I HAVE expressed to Musurus the great surprise at his not having yet signed the Declaration and Convention. This separation from the Powers is so serious that it will probably lead to the bankruptcy of Egypt, of which one of the effects would be the non-payment of the tribute. If his Excellency did not sign to-morrow the two documents Her Majesty's Government had come to the painful resolution to send their passports to Musurus and to Fehmi, and the future course of Her Majesty's Government's policy would tend to the separation of Egypt from Turkey, instead of consolidation.

Musurus asked whether there might not be a little delay. I said it was impossible.

No. 247.

Earl Granville to Sir A. Paget.

(No. 79.)

Sir,

Foreign Office, March 24, 1885.

I HAVE received a Memorandum from the Austro-Hungarian Ambassador informing me that his Government have no objection to nominate the Controller of the National Debt as their Commissioner for signing the bonds of new Egyptian Loan, on the understanding that this proposal is agreed to by all the other Powers.

I am, &c.

(Signed) GRANVILLE.

No. 248.

Earl Granville to Mr. Wyndham.

(No. 109 A. Confidential.)

Sir,

Foreign Office, March 24, 1885.

THE Turkish Ambassador, at my request, called at the Foreign Office this afternoon. I asked his Excellency whether he was prepared to sign to-morrow the Declaration and the Convention for the settlement of the Egyptian Financial question which had been signed by the Plenipotentiaries of the other Powers.

Musurus Pasha said that, to his regret, he had not received the instructions to do so.

I reminded him that his Excellency and Hassan Fehmi Pasha had at least on two occasions assured me that the Sultan would give his assent, and that he (Musurus Pasha) had told me at the first meeting of the Ambassadors on Tuesday last that his full powers were on the road. Mr. Childers had upon my information made a statement to that effect in the House of Commons on that day.

I then told Musurus Pasha that the matter was so serious, involving the possible bankruptcy of Egypt, of which the first proof would be the non-payment of the tribute to the Sultan, that I must tell him the resolution of the Cabinet.

It was that if the Declaration and the Convention were not signed to-morrow (the full powers might be exhibited later) Her Majesty's Government had come to the conclusion that they would be obliged to offer passports to his Excellency and

to Hassan Fehmi Pasha, and that the course of policy pursued by Her Majesty's Government for the future would tend to the separation of Egypt from the Ottoman Empire.

I earnestly pressed him to telegraph in this sense this evening to Constantinople.

I asked what was the reason of the delay.

Musurus Pasha was not able to inform me.

I said that I declined to make any bargain on the subject, but that with regard to the appointment of a Turkish Commissioner on the Caisse de la Dette Publique, I was prepared, as I had already stated, to accept the proposal of the Porte; that I had reason to believe that it would be accepted by all the Powers, and that I should not make any objection either if it was settled that the Turkish Delegate should be appointed a regular Commissioner, or merely a Delegate to whom what passed at the Commission should be reported.

I am, &c.
(Signed) GRANVILLE.

No. 249.

Sir E. Baring to Earl Granville — (Received March 25, 1.40 P.M.)

(No. 176.)

(Telegraphic.)

Cairo, March 25, 1885, 12.30 P.M.

YOUR telegram No. 86 of yesterday.

Final accounts will go home next week. My despatch No. 998 of the 3rd November only referred to the provisional figures. Please see Article 5 of the Decree of the 27th June, 1883, inclosed in Sir E. Malet's despatch No. 338 of the 2nd August, 1883. A period of three months is allowed for the preparation of the final accounts. This is a shorter period than is allowed in either England or India. The accounts of the Eastern Soudan have for the first time been included in the general account of last year, which naturally causes some delay as they have to come from a distance. There have also been financial transactions connected with military operations in the Valley of the Nile.

No. 250.

Sir E. Baring to Earl Granville. — (Received by telegraph, March 25.)

(No. 277. Ext. 176.)

My Lord,

Cairo, March 25, 1885.

IN reply to your Lordship's telegram No. 86 of yesterday, I have the honour to state that the final accounts for the year 1884 will go home next week.

In my despatch No. 998 of the 3rd November, to which your Lordship alluded in your telegram, I only referred to the provisional figures.

I would refer your Lordship to Article 5 of the Khedivial Decree of the 27th June, 1883, which was sent home in Sir Edward Malet's despatch No. 338 of the 2nd August, 1883, from which your Lordship will observe that a period of three months is allowed for the preparation of the final accounts.

This is a shorter period than is allowed either in England or in India.

In the general accounts of last year were included for the first time the accounts of the Eastern Soudan, which naturally causes some delay, as they have to be collected from several places at a distance.

There have also been many complicated financial transactions during the last year in connection with the military operations in the Valley of the Nile.

I have, &c.
(Signed) E. BARING.

No. 252*.

Earl Granville to Mr. Wyndham.

(No. 112. Ext. 27.)

Sir,

Foreign Office, March 25, 1885.

I HAVE received your telegram No. 42 of this day's date, stating that the Turkish Minister for Foreign Affairs requests a delay of forty-eight hours before coming to a decision with regard to the signature of the Declaration and Convention relating to the finances of Egypt.

I have to instruct you to inform Assim Pasha that delay is impossible, as a communication must be made to the House of Commons on the subject to-morrow at latest.

I am, &c.
(Signed) GRANVILLE.

No. 251.

Mr. Wyndham to Earl Granville.—(Received March 25, 3.50 P.M.)

(No. 42.)

(Telegraphic.)

Constantinople, March 25, 1885.

I WAITED upon Minister for Foreign Affairs to-day. His Excellency was at Council of Ministers. He left it to see me, and I placed in his hands a paper containing substance of your Lordship's telegram of yesterday. His Excellency said he had this morning at 11 A.M. received a telegram from Musurus Pasha, which had to be decyphered and translated into Turkish and laid before Council, and that it would then have to be submitted to Sultan. Under the circumstances, he requested me to beg your Lordship to grant a delay of forty-eight hours, to be reckoned from 2.30 P.M. to-day.

No. 252.

Earl Granville to Mr. Wyndham.

(No. 27.)

(Telegraphic.)

Foreign Office, March 25, 1885, 1.50 P.M.

YOURS No. 42.

Delay is impossible. The communication must be made to the House of Commons to-morrow at latest.

No. 253.

Mr. Wyndham to Earl Granville.—(Received March 26, 8.45 A.M.)

(No. .)

(Telegraphic.)

Constantinople, March 25, 1885, 10.10 P.M.

MY telegram No. 42 of to-day.

Minister for Foreign Affairs, in a note received by me at 8 P.M., asks for a delay of forty-eight hours from noon to-morrow. His Excellency states that Turkey is not separating herself from the Powers, as on the 18th instant Musurus was instructed to declare that a Firman sanctioning loan would be granted, thus averting fear of bankruptcy; that in not signing Declaration and Convention Porte did not think it would be in opposition to your Lordship's views, your Lordship having declared that you did not think Declaration should be signed by the Sovereign Power.

No. 254.

Earl Granville to Mr. Wyndham.

(No. 28.)

(Telegraphic.)

Foreign Office, March 26, 1885, 5.15 P.M.

AT a meeting of all the Ambassadors to-day Musurus and Hassan Fehmi Pasha stated that they hoped within forty-eight hours to be instructed to sign the Declaration, but in any case they gave a formal assurance that the Sultan consents to the proposed loan, and will sanction it by a Firman.

The other Ambassadors and I took note of this assurance, and declared that we accepted it.

No. 255.

Mr. Wyndham to Earl Granville.—(Received March 26, 11.30 P.M.)

(No. 44.)

(Telegraphic.)

Constantinople, March 26, 1885, 7.55 P.M.

YOUR Lordship's telegram No. 27.

I informed Minister for Foreign Affairs this morning of your Lordship's reply to my telegram No. 42. His Excellency blames both Ambassadors for not having, according to instructions sent to them on the 18th instant and previously, explained reasons of the Porte for not signing, and said that there never had been an intention

to send Musurus Pasha full powers, there being certain clauses which were not entirely in harmony with the sovereign rights of the Porte and with the interests of Egypt. But by this the Porte had no intention of opposing the agreement arrived at, it having declared itself ready to issue a Firman. Moreover, the Porte did not think it would find itself in opposition to the views of Her Majesty's Government, Musurus Pasha having telegraphed that at an interview he and Hassan Fehmi had with your Lordship on the 21st ultimo, your Lordship had stated that as the loan had to be authorized by Firman, you did not think that the Declaration which concerned the Guaranteeing Powers should be signed by the Representative of the Sovereign Power.

Assim Pasha hopes that your Lordship will take his observations into kind consideration. He will inform me of the decision of his Government without loss of time.

No. 256.

Earl Granville to Mr. Wyndham.

(No. 113 A.)

Sir,

Foreign Office, March 26, 1885.

AT a meeting of the Ambassadors at the Foreign Office this afternoon I asked the Turkish Ambassador and Hassan Fehmi Pasha whether I was rightly informed that they were authorized to formally declare that the Sultan consents to the proposed Egyptian loan, and will sanction it by a Firman.

Their Excellencies replied that they hoped within forty-eight hours to be instructed to sign the Declaration of the 17th March, but that in any case they gave the assurance I had stated regarding the consent of the Sultan to the loan.

The Ambassadors of the other Powers and I took note of this assurance, and declared that they accepted it.

The Ambassadors added their opinion that the Firman was sufficient for the validity of the guarantee of the loan.

I am, &c.
(Signed) GRANVILLE.

No. 257.

Earl Granville to Mr. Wyndham.

(No. 113 B. Ext. 30.)

Sir,

Foreign Office, March 26, 1885.

WITH reference to my previous despatch No. 113 A of this day's date, I have further to inform you that I stated separately to the Turkish Ambassadors that, in deference to the request of the Sultan, Her Majesty's Government agreed to the delay of forty-eight hours, but that we did not withdraw from our demand for the promised signature of the Declaration of the 17th March, in the text of which amendments had been proposed by the Turkish Representatives, and agreed to by the other Plenipotentiaries.

The refusal to sign the Declaration would, I said, be a most serious matter.

I do not understand the statement made to you by Assim Pasha, and reported in your telegram No. 43 of the 25th instant, that I had expressed an opinion that it was not necessary for the Sultan to become a party to the Declaration.

I am, &c.
(Signed) GRANVILLE.

No. 258.

Mr. Wyndham to Earl Granville.—(Received March 28, 5.15 P.M.)

(No. 48.)

(Telegraphic.)

Constantinople, March 28, 1885, 4.20 P.M.

THE Italian Ambassador received instructions from his Government last night to join with his colleagues in urging the Porte to sign Convention and Declaration.

His Excellency, finding his German and Austrian colleagues have no instructions in this sense, cannot give effect to his own.

(Confidential.)

I understand that tone of German Ambassador's language is unfriendly towards us in this incident, and that Austrian Ambassador appears indifferent to Egyptian question.

French Ambassador is absent, and Chargé d'Affaires very ill.

Russian Ambassador's feelings explained in my telegram No. 47.

No. 259.

Mr. Wyndham to Earl Granville.—(Received March 28, 8.30 P.M.)

(No. 49.)

(Telegraphic.)

Constantinople, March 28, 1885, 7.15 P.M.

MY telegram No. 48 of to-day.

French Chargé d'Affaires has to-day, in consequence of instructions received last night, advised the Porte to sign the Convention and Declaration.

No. 260.

Mr. Wyndham to Earl Granville.—(Received March 28, 10 P.M.)

(No. 50.)

(Telegraphic.)

Constantinople, March 28, 1885, 8 P.M.

MINISTER for Foreign Affairs has just communicated to me text of a telegram which he has sent to-day to Turkish Ambassador in London. His Excellency is authorized to sign Declaration and Convention, the clauses to which the Porte objected having been struck out or modified so as to harmonize with the interests of the Empire, and Her Majesty's Government having ordered its Delegates to the International Commission of the Suez Canal to insist on the admission of the position which the Porte has taken up on this question, and on the insertion in the Convention which may be signed of an Article stipulating full right of the Porte to take the necessary measures for the defence of Egypt, either against a belligerent State or in Egypt itself in the event of internal troubles. If, however, the above eliminations and modifications are not entirely conceded, Musurus Pasha is instructed in signing to make a written declaration, setting forth the points to which the Porte objects.

No. 261.

Earl Granville to Mr. Scott.

(No. 169.)

Sir,

Foreign Office, March 28, 1885.

I TOLD the German Ambassador on the 26th instant that I hoped Prince Bismarck would instruct the German Representative at Constantinople to urge on the Porte the necessity of at once authorizing Musurus Pasha to sign the Declaration and Convention for the settlement of the Egyptian financial question.

Count Münster said he would at once telegraph to the Chancellor on the subject.

His Excellency has told me that Prince Bismarck had telegraphed to Constantinople in the sense desired, and that he expected that the Turkish Government would consent to the signature.

I am, &c.
(Signed) GRANVILLE.

No. 262.

*Earl Granville to Mr. Wyndham.**

(No. 34.)

(Telegraphic.)

Foreign Office, March 30, 1885, 11.15 P.M.

MUSURUS PASHA signed to-day Egyptian Finance Convention and Declaration, and handed in declaration as to Turkish Representative on Caisse, and right of Turkey to defend Egypt in Suez Canal.

* Also to Sir E. Thornton (No. 34), Viscount Lyons (No. 10), Mr. Scott (No. 31), Sir A. Paget (No. 10), Sir J. S. Lumley (No. 28), and Sir E. Baring (No. 92).

No. 263.

E
(No. 278A.)
My Lord,

Earl Granville to Viscount Lyons.

Foreign Office, March 30, 1885.

THE French Ambassador called at this Office to-day and stated that the French Government object to the proposal of Her Majesty's Government that the bonds of the new Egyptian Loan should be signed by an English official on behalf of all the Guaranteeing Powers.

The French Government proposed that they should be signed by an Egyptian official on behalf of the Khedive, and by an English and a French official on behalf of the Guaranteeing Powers.

I am, &c.
(Signed) GRANVILLE.

No. 264.

Earl Granville to Sir A. Paget.

(No. 87.)
Sir,

Foreign Office, March 30, 1885.

COUNT KÁROLYI called at this Office to-day, and stated that the Austro-Hungarian Government had adhered to the proposal of the French Government, that the bonds of the new Egyptian Loan should be signed by an Egyptian official on behalf of the Khedive, and by an English and a French official on behalf of the Guaranteeing Powers.

I am, &c.
(Signed) GRANVILLE.

No. 265.

*Earl Granville to Sir E. Baring.**

(No. 118. Ext. 92.)
Sir,

Foreign Office, March 31, 1885.

THE Turkish Ambassador yesterday signed the Convention and Declarations relating to the finances of Egypt, which were signed by the Ambassadors of the other Powers on the 17th and 18th instant.

Musurus Pasha at the same time handed in the Declaration, of which I inclose a copy, relative to the question of the appointment of a Turkish Representative on the Caisse de la Dette, and the right of Turkey to defend Egypt in the Suez Canal.

I am, &c.
(Signed) GRANVILLE.

Inclosure in No. 265.

Declaration of the Sublime Porte.

LE Plénipotentiaire de Turquie fait au nom de son Gouvernement la déclaration suivante:—

1. Il est entendu qu'un fonctionnaire Ottoman, nommé par la Sublime Porte, siégera au sein de la Commission de la Caisse de la Dette Égyptienne en qualité de Représentant de la Puissance Souveraine, pour être tenu au courant de l'état des finances de l'Égypte.

2. La Sublime Porte maintient ses réserves au sujet de la dépêche du Comte Granville du 3 Janvier, 1883, et entend qu'il sera inséré dans l'Acte Conventionnel de la Commission Internationale réunie à Paris pour le règlement du Canal de Suez, que le Gouvernement de Sa Majesté Impériale le Sultan aura le plein droit de prendre les mesures nécessaires pour la défense de l'Égypte soit contre un État belligérant, soit en Égypte même en cas de troubles intérieurs.

Fait à Londres, le 30 Mars, 1885.

(L.S.) MUSURUS.

×

* This was also sent to Embassies on the 30th March.